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Does Leader Member Exchange and Trust Enhance Absorptive Capacity of Tourism Firms? An Empirical Comparison of Two Nations

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Abstract: In order for a tourism firm to survive and achieve a good position in its sector, it must have the ability to recognize the value of new information, assimilate and apply it to commercial ends. This capability, which is very important for tourism firms, is called absorptive capacity. Many factors affect absorptive capacity in terms of enterprises. However, among these factors, the main ones to be considered are trust and exchange between subordinates and leaders. Leader-member exchange theory is based on the idea that different relationships leaders develop with subordinates is what produces various organizational outcomes. According to this theory, a leader can develop closer and higher-quality relationships with some members, and lower quality and more authoritative relationships with some members due to some reasons such as limited time and resources. At this point, it can be thought that the trust of an employee in the organization, colleagues, and managers may affect the information and workflow between the leader and subordinates. From this point of view, the aim of this study is to examine the relationship between leader-member exchange, trust, and absorptive capacity in the sample of two tourism countries. According to the results of the study, leader-member exchange and trust increase the absorptive capacity of the tourism firms.

Keywords: Absorptive Capacity; Leader Member Exchange; Trust, Tourism Firms

JEL Classification: D23; J5; L83

Introduction

Leadership research is among the most researched topics in social sciences. Most leadership researchers tend to focus on leaders 'overall behavior or employees' attitudes towards leaders, when examining the influence of leaders on individual followers (Ilies vd, 2006). Leader Member Exchange (LMX) developed as an alternative approach to understanding the influence of leaders on employees. The LMX focuses on the bilateral relationships the leader establishes with each follower and the results of these relationships. It is a very important theoretical basis for explaining the relationship between a superior and his or her subordinates in an organization. When a positive pattern of exchange in relationships is formed between a superior and his or her subordinates, employees develop very positive attitudes toward their jobs (Jung, Song & Yoon, 2021).

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Organizational trust is associated with trusting the leader, the organization, and colleagues (Bromiley and Cummings, 1996). In order to benefit from the positive results of intra-organizational trust, the concept of organizational trust and the structure of organizational trust should be understood in detail. Trust is one of the important elements of effective relationships and an organization cannot achieve its goals without trust. It is vital to have mutual trust among employees. Members who trust their leaders and the business they work for may communicate with their leaders more frequently, and the content of their communication may be different than members with low trust. Employees' ability to talk to their managers clearly and more frequently can positively affect the absorptive capacity of tourism firms.

Cohen and Levinthal (1990) have suggested the most frequently used definition of Absorptive Capacity (ACAP), as the organization's ability to value, assimilate, and apply new knowledge. ACAP, in short, is the capacity of organizations to learn and solve problems. In order for organizations to see, learn and turn problems into opportunities, there should be an effective exchange between employees and leaders, and employees should trust their organizations in general.

In this study, it is aimed to investigate the relationship between Leader Member Exchange, trust, and absorptive capacity in tourism businesses. From this point of view, first the concepts of leader member exchange, then trust, and finally absorptive capacity were explained. Afterwards, the analysis of the data based on the screening method including leader member exchange, trust, and absorptive capacity issues on the employees of Turkish and Romanian tourism companies were included. The most general result reached with the data set obtained from both countries is that there is a positive relationship between organizational leader member exchange, and absorptive capacity.

The research hypotheses determined by considering the literature in order to find answers to the basic research questions in this study are as follows:

Does Leader Member Exchange and Trust Enhance Absorptive Capacity of Tourism Firms? An Empirical Comparison of Two Nations

H1: There is a significant and positive relationship between leader member exchange and absorptive capacity of tourism firms.

H2: There is a significant and positive relationship between organizational trust and absorptive capacity of tourism firms.

H3: Leader member exchange and trust effect absorptive capacity of tourism firms.

Methodology

This study is designed based on quantitative research methods. The data needed for the purpose of the study were obtained from the sample of Turkey-Çanakkale province and Romania-Galati within the scope of the research population between March 02-30, 2021. There are more than 1,000 tourism workers in this universe. Considering the time and cost constraints, data were collected from the universe in question using the convenience sampling method. In order to reach a sufficient sample size, the rule used to reach at least 5 times more participants than the total number of expressions of the scales used in the study (Everitt, 1975). In line with this rule, the sufficient sample size for the research was determined as 250 people. In this study, within the scope of the research model and relational research design, it was planned to reach 500 participants by using the questionnaire technique. 285 of the surveys delivered to the employees and returned. 271 of them were found suitable for analysis.

36.90% (n =100) of the participants who support the research are from Romania-Galati region and 63.10% (n =171) are from Turkey-Çanakkale province. 47.97% of these participants (n =130) are women and 52.03% (n =141) are men. 37.27% of the participants (n =101) are in the age range of 36-42 and 33.95% (n =92) are in the 29-35 age range. Participants 61.99% (n =168) of them are single and 38% (n =103) are married. Considering the working periods in the organization, 36.16% (n = 98) work in the enterprise between 0-5 years and 42.44% (n =115) between 6-10 years.

Only 21.40% (n = 58) have been working in the same enterprise for 11 years or more. These employees, 30.26% (n = 82) are working as managers and 69.74% (n = 189) as employees. Considering the departments where the participants work, 36.16% (n = 98) at the Food and beverage department, 19.19% (n = 52) Front office department, 18.45% (n = 50) Housekeeping department, 17.71% of them (n = 48) work in the Accounting department and 8.49% (n = 23) in the Technical department. Considering their experience in the sector, 36.16% (n = 98) are between 0-5 years, 38.75% (n = 105) are between 6-10 years and 25.09% (n = 68) are between 11 years and over experienced in the sector.

Instrument Development

The first part of the questionnaire focused on LMX which was measured using five items developed by Borchgrevink and Boster [1994, 1997]. The second part of the questionnaire includes Absorptive capacity scale which was developed by Chauvet (2014: 122). The scale consists of 27 items and four dimensions (acquisition, assimilation, transformation and exploitation). In the third part of the questionnaire, the Organizational Trust Scale used which was developed by Nyhan and Marlowe (1997), Cook and Wall (1980) and used in the study by Omarov (2009). The scale consists of 22 items in three dimensions: trust in the manager, organization, and friends. The five-point Likert scale was used in all of the measurement tools specified. According to this; 1- Strongly Disagree, 2- Disagree, 3- Undecided, 4- Agree and 5- Strongly Agree.

Table 1. Cronbach Alpha Values of LMX, Trust and Absorptive Capacity Scales

Scales	Dimensions	Cronbach Alpha Coefficients
Leader Member Exchange	LMX	0,90
Absorptive Capacity	Acquisition,	0,89
	Assimilation,	0,90
	Transformation,	0,93
	Exploitation,	0,90
Organizational Trust	Trust in The Manager,	0,89
	Trust in Organization,	0,90
	Trust in Friends,	0,92

Cronbach Alpha reliability coefficients of the questionnaire form are given in Table 1. When the accepted limits of reliability measurement are considered, it is understood that the questionnaire is highly reliable (Tabachnick, and Fidell, 2007).

Results

Confirmatory Factor Analysis

Findings regarding the confirmatory factor analysis conducted to test the validity of the factor structures of the scales are shown in Table 2.

Table 2. Goodness of Fit Indices

	Variables	X²	df	CMIN/DF ≤5	GFI ≥.85	AGFI ≥.80	CFI ≥.90	NFI ≥.90	RMSEA ≤.10
1	Leader Member Exchange	121.43	44	2,76	0,90	0.83	0.96	0.97	0.06
2	Absorptive Capacity	160.46	48	3,34	0,90	0.82	0.97	0.96	0.09
3	Organizational Trust	112.48	32	3,51	0,89	0.93	0.94	0.96	0.10

Looking at the table above, it is seen that the value ranges of the goodness of fit indexes for all three scales are at "acceptable standards" (Meydan & Şeşen, 2011).

Descriptive Statistics by Country and Correlation Analysis

Table 3. Descriptive Statistics by Country and Correlation Analysis

	Variables	s.s	Turkey x̄	Romania x̄	1	2	3	4	5	6	7	8
1	Leader Member Exchange	.93	3,05	3,64	1							
2	Acquisition	1.07	3,44	4,02	.46**	1						
3	Assimilation	1.10	3,60	3,72	.58**	.67**	1					
4	Transformation	.99	3,49	3,68	.52**	.87**	.76**	1				
5	Exploitation,	1.12	3,52	3,72	.61**	.89**	.65**	.64**	1			
6	Trust in The Manager	.89	3,70	3,61	.54**	.59**	.57**	.68**	.60**	1		
7	Trust in Organization	1.18	3,55	3,59	.57**	.62**	.76**	.90**	.66**	.76**	1	
8	Trust in Friends	.97	3,85	3,91	.61**	.63**	.63**	.82**	.58**	.84**	.92**	1

**p≤.01

According to the descriptive statistics, it is seen that the LMX perceptions of the employees of the Romanian hotel employees (x̄ = 3,64) are higher than the employees (x̄ = 3,05) of the hotels in Turkey. Similar results are valid in terms of knowledge absorptive capacity and organizational trust. Especially in terms of absorptive capacity's acquisition dimension the perceptions of Romanian hotel employees (x̄ = 4,02) were found to be higher than Turkish hotel employees (x̄ = 3,44). However, in terms of organizational trust, the results of the employees of both countries were found to be similar and positive.

Correlation analysis results reveal that there are significant relationships between dependent and independent variables within the scope of the research model. Based on these results, it can be said that the H1 and H2 hypotheses are accepted. The findings also support the prediction of the significant effects among the variables of the study. According to the correlation analysis there are significant and moderately strong relations between LMX and absorptive capacity (acquisition, assimilation, transformation, and exploitation). Also, significant, and strong relations are observed between the

dimensions of organizational trust (trust in the manager, trust in organization, and trust in friends) and absorptive capacity. It is seen that there is a very strong relationship between the dimensions of trust in organization and transformation (r = .90; p≤.01).

Regression Analysis

Regression analysis based on the method of testing the hypotheses created in line with the research objective. It has been observed that the highest value for VIF values is 2.30 and since this value is less than 10, the regression model does not have a multi-linearity problem.

Table 4. Regression Analysis Results (n =271)

Dependent Variable: Absorptive Capacity					
Independent variables	β	t	p	R^2	VIF value
Leader Member Exchange	,521	10,034	,000**	0,632	2.303
Organizational Trust	,412	5,443	,000**		
Adjusted R2	0,612				
F Value	934				

Relationships at the level of p <0.001

Multiple linear regression analysis was applied to determine the effect of organizational trust and LMX on absorptive capacity. As a result of the analysis, the model was found significant and there was no autocorrelation problem (D.W = 1,876). As can be understood from the table, organizational trust and LMX explain 61% of the total variance of the absorptive Capacity variable. When the binary and partial correlations between the predictor variables and the dependent (predicted) variable are examined, it is seen that there is a positive and high level of relationship (β= ,52) between absorptive capacity and LMX. In addition, organizational trust effects absorptive capacity positively and at a relatively high level (β= ,41). These results indicated that the H3 hypothesis is supported.

Result

Considering the changing environmental conditions of this age it can be said that the success of businesses depends largely on their absorptive capacity. Organizations must consider the issue of absorptive capacity in order to stay up to date in changing world and business conditions and to take the lead compared to their competitors. Absorptive capacity requires organizational routines and processes by which firms acquire, assimilate, transform and exploit knowledge to produce a dynamic organizational capability. Many factors affect absorptive capacity in terms of tourism enterprises. However, among these factors, the main ones to be considered are trust and exchange between members and leaders. From this point of view, the aim of this study was to examine the relationship between leader-member exchange, trust, and absorptive capacity in the sample of Turkey-Çanakkale province and Romania-Galati province. 271 of the surveys were found suitable for analysis. According to the results significant and positive relations between LMX, absorptive capacity and trust have been found. The results of the study indicated that LMX and organizationa trust effect and increase the absorptive capacity of the tourism firms. From this point of view, it can be said that LMX and trust enhance the absorptive capacity of tourism organizations.

Hotel employees from both countries that make up the sample deal with the issue of organizational trust at similar positive rates. Referring to these results, it can be said that employees of both countries have trust in their organizations, colleagues, and managers. Results also indicated that the LMX levels of

hotel employees, especially in the Romania sample, are more positive than the employees of Turkey sample. Scott and Bruce (1998) found that as the quality of the leader-member relationship increases, the innovative behavior level of the employees will increase. Accordingly, this study recommends that hotel managers in Turkey must pay more attention to the LMX issue. At the same time, in terms of acquisition willingness, the perception levels of Romanian hotel employees were found to be higher than the results of Turkish employees. This dimension is particularly relevant to the acquisition of external information. The business that is most prone to external knowledge acquisition will also have the opportunity to develop new products and services and gain competitive advantage. From this point of view, it is said that Turkish hotel businesses must value new information and they must search and monitor external sources for information.

This study has some limitations. The field research of the study was carried out during a period when the Covid-19 Pandemic was active. For this reason, face-to-face interviews could not be conducted, only the online and remote survey application was completed. Different results can be reached with face-to-face field research. In addition, it is assumed that the negative conditions experienced in the sectors depending on the global and national economic parameters affect the research results.

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