Leadership as a Sustainable Competitive Advantage in Vienna's 5-Star Hotel Industry

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AFFIDAVIT

I hereby affirm that this Master's Thesis, Leadership as a Sustainable Competitive Advantage in Vienna's 5 Star Hotel Industry represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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ABSTRACT

What is leadership? Why does it matter in today's business life and particularly in the 5-star hotel industry? Is there a connection between the style of leadership a hotel manager has and the hotel's overall performance on the respective market, and if there is a link, which one is it?

The hotel industry in Vienna, which is no exception in the world, has always been ancient fashioned by the style their leaders were using. Usually, a hotel has a general manager on top the hierarchy and different departments that directly report through their managers to him or her. Of course, there is nothing wrong with this organizational structure in general, but the overall performance of the hotel might be positively or negatively correlated with the style of leadership the general manager uses to run the hotel.

One of the aims of this thesis besides explaining the different types of leadership and which competitive advantages exist is to show that the style of leadership a 5-star property in Vienna uses, respectively the high management position managers, is very crucial to the hotel's overall performance and can either be a competitive advantage or not.

To get to an appropriate and consistent result qualitative and quantitative research has been conducted, meaning that interviews with different professionals from the industry were to hold and at the same time questionnaires were given to regular employees of the 5-star hotel industry in Vienna. The purpose of doing that was to reach every person working in a 5-star hotel, whether it is the simple worker or the general manager. They are all of the same importance when it comes to the question of leadership.

Qualitative expert interviews captured opinions, views, facts of two professionals working in Vienna's 5-star hotel industry, whereas each of them represented a different interest group by the time they interview took place. Quantitative research was conducted by providing questionnaires to all employees of three chosen 5-star hotels in Vienna representing an appropriate sample of the industry. The aim was to capture their opinion of how they see their direct superiors and the leadership in their workplace.

The results supported the author's opinion, of leadership being crucial and a possible sustainable competitive advantage in a 5-star hotel in Vienna if proper implemented.

Summarizing, it can be said that leadership and competitive advantage are two different issues but combining them or using them simultaneously can lead to an organization's high performance well-being and leadership therefore becomes a competitive advantage itself.

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LIST OF ABBREVIATIONS

Abbreviation	Explanation
ARBÖ	Car, Motorcycle and Bicycle Association of Austria
BCG	Boston Consulting Group
LBDQ	Leader Behavior Description Questionnaire
LMX	The Leader-Member Exchange Theory
LPC	Last Preferred Co-worker Scale
MBO	Management by Objectives
MLQ	Multifactor Leadership Questionnaire
ÖAMTC	Car, Motorcycle and Touring Club
RevPAR	Revenue per Available Room
SCA	Sustainable Competitive Advantage
SLll	The Situational Leadership
USP	Unique Selling Proposition

1 INTRODUCTION

Austria has a very long tradition of tourism, hospitality and the lodging industry. The Grand Hotel Vienna was the very first 5-star hotel in the city of Vienna, and it opened its doors on the 10th of May 1870. This event was the beginning of Vienna being a luxury destination for the famous and all other people from all over the world. Johann Strauß for example, one of Vienna's most famous sons celebrated his 50th stage existence in the year of 1894 in the Grand Hotel Vienna to just name one celebrity (Grand Hotel Wien, 2016).

In the last decade, the number of overnights in Vienna increased by 63,4 %, from 8.7 million in the year 2005 to over 14.3 million in 2015. In the same period, the number of hotel beds in Vienna increased from 22.000 to 66.059. 40 % of all foreign guests in 2015 were either from Germany, United States, Italy or Great Britain and 61 % were from the top ten visiting countries of the world. This figures not only show that Vienna is a one the most visited capitals of the world but also, that people who visit Vienna have a rather high income and therefore also stay in 5-star properties (Wien.gv.at, 2016).

Furthermore, Vienna was in 2016 for the seventh time in a row ranked on first place as being the city with the highest quality of living worldwide by the Mercer study (Wien.gv.at, 2016). This will result in the fact that more and more people will visit Vienna in the upcoming years. Therefore, the competition in the luxury sector will with certainty increase and hotel managers have to think about which competitive advantage they need to have towards their competitors for in the end gaining more revenue.

That is why this master thesis has a hypothesis, which is serving as the basis for further research:

- *A proper leadership style of superiors over their subordinates in a 5-star hotel property in Vienna has a higher impact on the hotel's sustainable competitive advantage than the wrong leadership style.*

The first step of empirical research was to conduct two interviews with experts in their field of work, within Vienna's 5-star hotel industry. They both have diverse interests due to their positions in the respective hotels they are working. Therefore, the answers and the outcomes as it

will be seen in the following chapters what the experts think about leadership and their leadership style in the 5-star hotel industry in Vienna are very fascinating.

The second part of the research contained the distribution of 200 questionnaires throughout Vienna's 5-star hotels. The defined questions were chosen to obtain useful and valuable results and of course with regards to the hypothesis mentioned above. After the collection, the questionnaires have been further analyzed with the statistical program SPSS and Excel for Mac.

The author's intention was to accompany the whole empirical research with some major goals. Besides researching and gaining more and in-depth knowledge about the different styles of leadership and competitive advantages the author also wanted to find out the different point of views of the interviewees compared to the views of the employees. Certainly this comparison is a crucial one to determine if there is a possible competitive advantage connected with the style of leadership used by the managers.

This thesis starts with some deeper inside into leadership, its different styles and skills as well as how leadership developed until today and which research has been done on leadership and were does research still has to be done. Followed by the next section, which explains the topic of competitive advantage, the different factors leading to possible competitive advantage and more information about both sections and the outcome if they are used in combination. The theoretical part supported by literature is itself followed by the empirical part, which informs about the qualitative and quantitative research methods used to complete this thesis. Results of interviews conducted with the Director of Sales & Marketing of the Hotel Sacher Vienna and the General Manager of the Palais Hansen Kempinski Vienna will be presented. The results of a questionnaire are will shown and lead to further discussion and end into a final conclusion.

2 LITERATURE REVIEW

2.1 Vienna's 5-Star hotel classification and market

The hotel classification in Vienna for 5-star hotels is different to the ranking outside Vienna, which is done by a committee that is set up and the board members elect its chair. None of the board members is allowed to vote in the federal state he comes from. For a decision to be valid, the 5-star committee requires a quorum of three members eligible to vote for classifying a property with a location outside the capital.

However, the Viennese hotels are classified by an expert committee belonging to the Austria Tourism Association. This special committee consists several different representatives from the following in branches:

• Hotel sector

• Travels agencies

• Car, Motorcycle and Touring Club (ÖAMTC)

• Car, Motorcycle and Bicycle Association of Austria (ARBÖ)

• Chamber of Labour and

• Trade Unions (WKO, 2016)

The Tourism Director of Vienna, a trade authority representative and the managing director of the Austrian Hotel Association are allowed to participate in each meeting; they can visit each hotel, and they moreover have an advisory vote. The Vienna State Parliament determines the committee's seats and the district council elections, and its chair is chosen by the Vienna Tourism Committee (WKO, 2016).

Vienna has 21 5-star hotel properties at this moment being (wien.gv.at, 2016). The big renowned hotel chains of the world are still missing in Austria's capital, but they already announced the wish to open a property soon. However, the author believes that Vienna's 5-star hotel industry is already or better said almost saturated. With the opening of the last few 5-star luxury hotels in Vienna, the Viennese hotel market will be perfectly balanced. Vienna has

nearly two million inhabitants, and as already mentioned before 21 5-star hotels at the moment. Vienna's city center is pretty small in comparison to other capitals in the world or in Europe, thinking of Berlin or London. Therefore, even the building space where a 5-star property would fit is very restricted or rather small.

However, the missing big players will bring their guest with them, and this will result in an overall wealth increase for Vienna, which is certainly a positive effect. Without any question, the competition within the 5-star hotels will increase, which will be very hard for the once who cannot defend their position in the market. This fact will as well be positive for the guests because the existing hotel will have to invest in renewing their properties to resist this immense pressure from outside. High competition in Vienna's 5-star hotel industry can have a very positive booth effect on the overall Viennese hotel market.

2.2 Organizational performance in the Hotel Industry

The most important thing that service oriented companies such as hotels have to concentrate on is to build customer relationships, not short term transactions (Paulin et al., 1999). Due to its nature of business, which is focused on human skills, their character and intangible assets this concentration is even more important in the hotel industry. Success and survival of a company is what the concept of organizational performance is related to. Consequently, the critical point of organizational performance is its measurement (Atkinson and Brown, 2001).

As Pizam and Ellis (2016) argue there are two ways of measuring performance either by using objective or subjective measures. The difference between those two measures is that the objective measure uses real figures of an organization, whereas the subjective measure uses the perception of respondents. Subjective measures could offer a better perspective of organizational effectiveness in the long term, which could lead to the conclusion that the level of increase or decrease in hotel revenue is what is called the hotel performance (Pizam and Ellis, 2016).

However, knowing that subjective measures give a better inside into an organization's performance this thesis will show very interesting and useful outcomes for employees in high management positions. This thesis will present the impact of leadership styles used by managers in Vienna's five-star hotel industry and how their subordinates perceive the style of leadership.

3   CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

An excellent, five-star hotel service can certainly result in customer satisfaction, which can lead to customer loyalty. However, customer satisfaction is the fruit of a service received by the guest in combination with the service and effort provided by the person serving the guest. As well as the overall satisfaction with the particular hotel the guest experiences (Hennig-Thurau & Klee, 1997).

It is known in the hotel industry that it is way more cost intensive to attract new customers than to maintain the returning once. Therefore, customer loyalty programs are very common in Vienna's five-star hotel industry and all over the world. Gold member cards with different allowances and services are just one example how hotels try to keep their guests and win them as return customers. Beside the various complex systems, word of mouth is the most efficient way to attract new guests and to create a good image of the particular hotel. However, the author claims that the positive word-of-mouth promotion only works, if the guests are perfectly satisfied with their experience during their stay in the hotel. This satisfaction is closely connected to the style the general manager and the department heads lead their subordinates as it will be shown in the following chapters.

A higher customer satisfaction has a bigger impact than one would expect, because not only the client retention rate is likely to grow, but also price elasticity can be reduced as well as the marketing costs for existing guests. The hotels reputation will be enhanced and the marketing expenses to win new guests will be lower (Meyer, 1995). Guest satisfaction reached through the quality of the stuff while performing a service, can result in a better financial performance because the hotel can charge higher prices for its services and therefore increase its market share (Kimes,2001).

3.1 Satisfaction by the service encountered

"The moment of truth" better know as service encounter as defined by Bitner and Hubbert (1994), is the period of interaction the guest has with the service stuff in person, over the telephone or through email and other media.

However, a guest will not be influenced by only one single service encounter received from a hotel to feel an overall satisfaction during the stay, but several good and negative moments of truth over a period of time will result in an overall level of satisfaction (Bitner & Hubbert, 1994). Monitoring and managing service encounters is recommended as they have a direct impact on the guest's satisfaction level as Bitner (1990) stresses.

Logically, service encounter satisfaction and dissatisfaction have a visible effect on the hotel's financial performance. A study made by Kimes (2001), which had its focus on the relationship between product quality and operational performance at Holiday Inn hotels shows that a single defect costs the hotel additional money. The result also revealed that in several areas, namely the hotel's exterior, its guest rooms and its guest's bathrooms' deficiencies led to noticeable and even lasting effects on the revenue per available room (RevPAR).

A guest's overall level of satisfaction is closely connected with all departments and levels of a hotel. Bitner and Hubbert (1994), argue that not only the specific person the guest has contact with at the reception, or the employee who picks up the phone in the reservation department plays a role in how the guest is satisfied but every person working in each department because only when the employees are satisfied the guests can fully be satisfied. Therefore, employee involvement in decision-making processes results in customer satisfaction (Withiam, 1993).

3.2 Satisfaction and quality

Quality is something humans are inborn with. Therefore, 5-star hotels are perceived as high quality by every person. Satisfaction, however, is defined as superior to quality by Meyer et al. (1995), and that is why it needs a real-time action, it needs an experience which can be judged. Moreover, if a situation of pure satisfaction occurs, which is implied by an employee it has a very nice effect on both, the guest and the employee. The fact that the guest is satisfied leads to a moment of satisfaction of the employee, which results in satisfaction being two-sided. The more often it happens that employees make guests happy this two-sided effect of satisfaction can have an extremely positive outcome on the hotels employee turnover rate, which is crucial in the hotel industry. Finally, satisfaction can not only lead to a lower employee turnover rate but also to a higher guest return rate.

The primary goal of each hotel should be to exceed the expectation of the guests during the stay. However, the actors involved from the hotel point of view should be careful because a quality overkill could lead to guest dissatisfaction. Therefore, the expectations should be only exceeded a bit each time. If people always get more than what they would usually expect, they get easily used to it and expect the same or more during their next stay, and if those expectations are not fulfilled, it leads to dissatisfaction, which should certainly be avoided (Zickefoose, 2001).

4 LEADERSHIP

4.1 Definition of leadership

There are a lot of ways to explain what leadership is, exactly as many as the amount of people trying to explain it. The word leadership is a word that everybody knows what it refers too when talking about it, but it is more like the phrase love, happiness, and peace. Because if asking somebody to explain it, the answers will certainly be different each time. Leadership indeed has many different definitions as well as meanings. In the last six decades, 65 different classification systems have been developed to explain the dimension of leadership (Fleishmann et al., 1991).

4.1.1 How to conceptualize leadership

One of the above mentioned classification systems, which explains leaders is a scheme proposed by Bass & Stogdill (1990, pp. 11-20) where they say that some definitions see leadership as the focus of group processes, meaning that a leader of a group embodies what the group wants, changes things if necessary and at the same time the leader has to represent the center of the group. Another conceptualizing group of definitions sees leadership from a personality perspective, which simply explained says that leadership is a mix of character attributes and special skills a person possesses. This ability motivates leaders to help others fulfilling duties. Whereas, other approaches have defined leadership as an act of behavior, which refers to the things that leaders do in a group to change something.

The power relationship between the leaders and their followers has also been defined, which is described as the power a leader has above an individual to effectively change this person. Additionally, another view of leadership is to see it as a transformational process, which simply brings followers to achieve more then the leader expects from them. Finally, another view is to see leadership from a skill perspective, which focuses on the skills and the knowledge of the leader that results in effective leadership (Northouse P.G., 2007).

4.2 Elements of leadership

Northouse (2007) mentions leadership as a phenomenon that has four elements, which have been identified as central:

Leadership as a process

By leadership as a process, we understand that the leader and his or her follower have to interact somehow during and transactional event, which implies affection either by the leader toward the follower or vice versa. There is no characteristic or trait inside the leader when talking about leadership as a process. This definition of leadership is a non-linear interactive event, which is available to every member of a group and not only for the elected leader.

Leadership includes influence

Without power, the word leadership and its meaning would not exist and influence in that manner is seen as how the leader affects the follower. Therefore, influence is the essential condition for leadership.

Leadership happens in groups

As groups are the playground for leadership, it involves influencing one or more members of the group. Furthermore, that means that a group can either be a small group such as a family, a bigger group like a community group or an even greater one as a company, but it certainly can not refer to a training program where individuals are thought how to become a leader.

Leadership involves attention to goals

The accomplishment of an individual task, purpose or end is what the leader of a group has to keep in mind and direct towards his followers. The leader does this through delivering energy to all members in the group who have the same goal of achieving something. At the moment where two or more people are moving towards the same purpose, leadership occurs and has its effect (Northouse P.G., 2007).

4.2.1   Difference between trait and process leadership

Describing leadership as a trait is very different in comparison to leadership as a process because the trait perspective predicates that a person who is a leader or can be a leader has unique natural characteristics and qualities. Northouse P.G. (2007) points out that those inborn qualities distinguish leaders from non-leaders. "She or he is the born leader," "she is a natural talent, how she talks" etc. those are statements that typically describe humans who have the perspective of a trait concerning leadership. There are even some unique physical factors, personality features and ability characteristics that can be identified as personal qualities of a person who is a leader (Tsai, 2008).

The viewpoint of trait leadership conceptualizes it as a set of special abilities a person possess to some extent and has those abilities inborn. Whereas, the view of process leadership conceptualizes a phenomenon that makes leadership available for every person in a group or in general. Therefore, process leadership is something that can be learned in comparison to trait leadership (Tsai, 2008).

4.2.2   Assigned and emergent leadership

There are two common forms of leadership in our society. People are working in companies who are leaders due to the position they hold in the firm. Whereas others who do not have the position assigned as a leader are seen as leaders because their behaviour is simply accepted by the other employees. The literature calls leadership that comes from the position a person occupies in a firm assigned leadership. Directors, department heads, and team managers are good examples of designated leadership.

However, the appointed leader does not necessarily have to always be the leader no matter if he is the assigned leader. If other people around see a person due to his influential behaviour towards the members of a group and regardless of his position as the leader, then that is what is called emergent leadership. Emergent leadership is acquired through the support and acceptance of company members of a particular individual his behaviour. This type of leadership comes over time and through communication. In-between other positive communication habits such as being informed, seeking others' opinions, coming up with new ideas is being verbally involved an indicator for becoming a successful leader (Northouse P.G., 2007).

Literature also shows as Smith and Foti (1998) stress with their study on 40 mixed-sex college groups, that in addition to the communication behaviour of a successful leader also his per-

sonality plays an important role in emerging leadership. Personality traits such as dominance, intelligence and being confident of the own performance were found to be important. Furthermore, female leaders who had the same level of influence as the men were rated less likeable in comparison to the male influential men, which leads to the conclusion that there are barriers to women emerging as leaders under certain circumstances (Smith & Foti, 1998).

4.2.3 Power and leadership

Power is crucial for leadership because it is part of the influencing process and therefore, it is the potential to influence. As soon as an individual influences somebody's beliefs, thoughts or course of action this particular individual has power over the person being influenced. Parents, teacher, coaches or politicians they all use their potential power over another individual or group to reach the expected outcome, which is a particular change.

There are two major kinds of power being used in organizations, the position power, and the personal power. As the word already says the position power is the power a person has due to its position in an organization. The higher position in the rank a leader has towards a subordinate the more power it gives him over a follower. General managers in a hotel have more power then department heads and they have more power over staff personal due to the position that was given to them. As it will be shown later on position power includes coercive power, legitimate and reward.

Personal power is the second kind of power that occurs in organizations. It is the capacity of influence a leader has by being seen as intelligent and likable by followers. Leaders have to act in ways that followers perceive as important to them. Some leaders have power because they are perceived as brilliant and competent, whereas others are seen as role models for followers and therefore gain power. This power is including referent and expert power to a certain extent, and it is based on how leaders are seen in their relationship with others (Northouse P.G., 2007).

Position power

- Legitimate

- Reward

- Coercive

Personal power

• Referent

• Expert (Northouse P.G., 2007).

Burns (1978) says that power should never be used by leaders to achieve their goals, but it happens to occur in certain relationships, and it should be employed by both followers and leader to achieve the common aim of the group.

French and Raven (1959) stated that power is a two-sided relationship between the person influencing and the person who is affected. They also came up with the five bases of power:

Expert power - Due to his competence the leader has power over the follower. Example: The power of the history teacher in the classroom due to his knowledge.

Coercive power - Results from the power of having the capacity to punish or at least penalize other people. Example: The power of a basketball coach over his players to punish them with extra training if they played bad.

Legitimate power - The power of having a formal job authority. Example: The power of a judge given by the state.

Referent power - Is based on the follower's identification with the leader. Example: The teacher being loved by his pupils due to his sympathy.

Reward power - Results from the capacity of being able to provide rewards. Example: A boss who rewards his employees because they work hard (French & Raven, 1959).

4.2.4   Coercion and leadership

It is crucial to understand that coercion and leadership have to be distinguished because coercion is one particular kind of power, which is available to leaders. By its definition coercion uses force to effect change in others. Coercion mostly uses threats and negative rewards to manipulate people the way the leader wants them to be or to become. Unfortunately, all past dictators and their right hands used coercion to control their followers. All leaders who used or use coercion use it in their interest and not in the interest of the common goal. Therefore, leaders who use coercion in their leadership style are certainly not examples of what the ideal leadership should look like (Nelson, D. N., 1984).

4.2.5   Management and leadership

Leadership and management are in many ways similar because leaders influence followers and managers do the same, they influence their subordinates. Leaders and managers, both work with people and managers, are as eager as leaders to achieve a goal efficiently. Generally speaking, many of the functions a manager has are similar to the functions a leader has.

However, as similar as these two process leadership and management are they also differ from each other. Aristotle mentioned leadership already, whereas management has emerged in the 20th century as a result of our industrialized society. Management became very fast essential for small as well as for prominent organizations. The apparent reason, of course, was that management was firstly invented to reduce uncontrolled chaos in organizations and to secondly make companies run more efficiently and therefore effectively. The most important management functions since the moment management was born and still applicable today are: planning, organizing, staffing and controlling.

Kotter J.P. (2008) holds the position that the functions of leadership and management are entirely different. The primary function of management is to provide order and consistency in a firm. Whereas in contrast to that leadership has the primary function to create change and movement in a company. Management is looking to order, and as much as possible stable environment and leadership is trying to build an adaptive and constructive change within an organization. However, it should be clear that both management and leadership together are essential for an organization that has the goal to grow and stay competitive on the market.

An organization that has excellent management on one hand but no existing leadership, on the contrary, has an outcome that is bureaucratic and oppressive. In a company that has strong leadership but no proper management the result is either misdirected or has simply no meaning. Therefore, organizations have to have both a good management and adequate leadership to perform accordingly to its hopefully high standards.

Bennis and Nanus (2004) stated very clear the different between management and leadership. They said that "managers are people who do things right, and leaders are people who the do right things" (Bennis & Nanus, 2004). This very famous and often used statement tells that managing means accomplishing tasks and mastering routine, whereas leading means influencing others and creating visions for future strategic changes.

Another proponent of a clear distinction between leadership and management was Rost (1993) who said that leadership is a multidirectional relationship influencing the followers, and management is a unidirectional relationship through authority. Leadership in that sense focuses on developing several purposes and management has its focus on coordinating certain activities, which lead to finish the job. That leads to the conclusion that leaders and followers work together towards creating change, whereas managers and their subordinates join forces to sell the respective service.

An even more narrow point of view, which is shared by the author has Zaleznik (1997). He says that leaders and managers have nothing in common and that they are different types of people. In his opinion managers do work accordingly but with low emotions towards their work. Leaders are very different to that because they are always highly emotionally involved. They try to solve long-standing problems and to expand potential options. Successful leaders are eager to change peoples' point of view about the possible things in life.

Nevertheless, despite the obvious differences between the two constructs of management and leadership, they also have some overlaps. Apparently managers are involved in leadership when it happens that they have to influence a group to reach a particular goal and if leaders are taking part in planning, organizing, staffing and controlling they are automatically involved in management. These two constructs are both processes that by their nature need influential involvement towards a group to reach a goal (Northouse P.G., 2007).

Functions of Management and Leadership

Management Order & Consistency	Leadership Change & Movement
Planning and Budgeting • Establish agenda • Set timetables • Allocate resources	Establishing Direction • Create a Vision • Clarify big picture • Set strategies
Organizing and Staffing • Provide structure • Make job placements	Aligning People • Communicate goals • Seek commitment

• Establish rules and procedures	• Build teams and coalitions
Controlling and Problem Solving • Development incentives • Generate creative solutions • Take corrective action	Motivating and Inspiring • Inspire and energize • Empower subordinates • Satisfy unmet needs

TABLE 1. FUNCTIONS OF MANAGEMENT AND LEADERSHIP (NORTHOUSE P.G., 2007)

4.3 Leadership Approaches, Theories and Styles

4.4 Five leadership approaches

4.4.1 Trait approach

Back in the days where the trait approach has its roots it was believed that leaders and non-leaders could be easily differentiated by a universal set of traits because great leaders were born with special traits, which nowadays we know better because it only partially correct as we will see further on. In the 20th century researcher tried to find out and identify the exact traits of leaders, which in the mid-20th century resulted in several major studies that tried to prove that the initial basic is not entirely correct. Researcher stopped studying only the trait of leaders but started to analyse connections between leaders and their context. From the various studies throughout the past century on personal characteristics of leaders it can be seen that many traits contribute to the process of leadership. With respect to all other traits the most important once due to their consistently identification many of the studies within the last century are the following:

- Intelligence
- Self-confidence
- Determination
- Integrity and,
- Sociability

Additionally, it has been found that there is a very strong relation between leadership and the traits defined by the five-factor personality model (Goldberg, L.R., 1990).

Big Five Personality Factors

Neuroticism	The tendency to be depressed, anxious, insecure, vulnerable and hostile
Extraversion	The tendency to be sociable and assertive and to have positive energy
Openness	The tendency to be informed, creative, insightful and curious
Agreeableness	The tendency to be accepting, confirming, trusting and nurturing
Conscientiousness	The tendency to be thorough, organized, controlled, dependable and decisive

TABLE 2. BIG FIVE PERSONALITY FACTORS (NORTHOUSE P.G., 2007)

The practical use of the trait approach has committed the questions, which leader shows which traits and who has these traits. Through assessment instruments focusing on the personality of the individuals, firms try to find out which candidate fits best with them. This approach is additionally used for analysing the personal awareness, it allows to test strength, weaknesses and therefore how it can strengthen leadership skills.

Advantages of the trait approach:

• It fits the idea of leaders being special and first in the row to lead in the society.

• A considerably high number of research done shows the validity of this approach.

• It provides a highly detailed explanation of how to understand a leader and leadership.

• It provides benchmarks for individuals to evaluate themselves and their leadership attributes.

Disadvantages of the trait approach:

• The approach does not provide a definitive list of leadership traits.

• The approach does not take the impact of situations into consideration when analysing leader traits.

- The approach yet resulted in a subjective list of the most important leadership traits without being necessarily high reliable.

- The approach has no linkage to other outcomes e.g. group performance.

- The approach is not necessarily useful for training reasons because traits are not meant to be changed (Northouse P.G., 2007).

4.4.2 Skills approach

The perspective of the skilled approach is a leader-centred one because it concentrates on the abilities of the individual. Katz L.R. (1955) presented an excellent model called the three-skill approach, which says that there are three basic personal skills on which proper leadership has its base on. An individual who has technical, human and conceptual skills has good prerequisites to be a good leader. Even though those three skills are important, their level of importance varies and depends on the management level of the leader as table 3 underneath shows.

Three-skill Approach

Skills Needed

Top Management	Technical level = low	Human level = high	Conceptual level = high
Middle Management	Technical level = high	Human level = high	Conceptual level = high
Superior Management	Technical level = high	Human level = high	Conceptual level = low

TABLE 3. THREE-SKILL APPROACH (KATZ L.R., 1995)

The three-skill approach says that at a low management level the technical skills and human skills are critical and the conceptual skills less important. At middle management levels, all three skills are highly valuable. Whereas at a top management level technical skills are less important and human skills and conceptual skills are highly relevant. Research has shown that leaders are more effective in their work if their skills correspond to their management level (Northouse P.G., 2007).

Mumford et al. (2000) have more recently developed a comprehensive skills model of leadership. The whole idea behind this model was to explain the elements a leader has to have for efficient performance. Identifying leadership factors that create and extraordinary performance in the organizational environment has been the goal of this research.

Skill Model of Leadership

Individual Attributes	Competencies	Leadership Outcomes
General Cognitive Ability	**Problem Solving Skills**	Effective Problem Solving
Crystallized Cognitive Ability	**Social Judgement Skills**	Performance
Motivation	**Knowledge**	
Personality		

TABLE 4. SKILL MODEL OF LEADERSHIP (MUMFORD ET AL., 2000)

At the heart of the skill model three competencies which are the key factors to perform effectively as a leader, problem-solving skills, social judgment skills and knowledge can be seen. These skills are directly connected with the individual attributes of the leader, general cognitive ability, crystallized cognitive ability, motivation, and personality. Undoubtedly the competencies of a leader are also affected by the leader's environment and his personal experience in his career (Mumford et al., 2000).

Advantages of the trait approach:

- It is a leader-centred approach which concentrates on the skills of the leader for efficient performance.

- The skills approach seems to be available for everyone who trains his skills. It shows that skills can be can be developed and improved.

- Through its maps, the approach explains how effective leadership skills can be gained.

- Based on the complex model plans of further studies can be developed.

Disadvantages of the trait approach:

- The approach seems to exceed the boundaries of leadership somehow by including critical thinking, motivation theory, personality theory and conflict management.

- It is weak in giving explanations in how a leader's competencies lead to effective leadership.

- The approach mentions cognitive abilities, motivation, and a person's personality but at the same time, it claims that it is not a trait approach (Northouse P.G., 2007).

4.4.3   Style approach

This approach shows remarkable differences in comparison to the trait and the skills approach. The style approach focus is on what the leader does instead of asking who the leader is. The base for the style approach is the leader's primary behavior types, task behavior, and relationship behavior. The crucial and central focus of this approach is how leaders combine the two kinds to influence followers the way the need them.

This approach has its origins in three different lines of research:

The Ohio State University studies

At the Ohio State researchers developed a leadership questionnaire called the Leader Behavior Description Questionnaire (LBDQ), with the scope of identifying initiation of structure and consideration the core leadership behaviors.

The University of Michigan studies

Studies at the Michigan University came up with the study but opposed to the Ohio State researchers named the leader's behaviors, production orientation, and employee orientation.

The work of Blake and Mouton on the Managerial Grid

Blake and Mouton (1962) came up with a model to train managers, and it describes leadership along a grid with two axes, which are the concern for result and concern for people. Depending how leaders combine these two orientations it results in five leadership styles:

• Authority compliance

• Country club management

• Impoverished management

• Middle-of-the-road management

• Team management
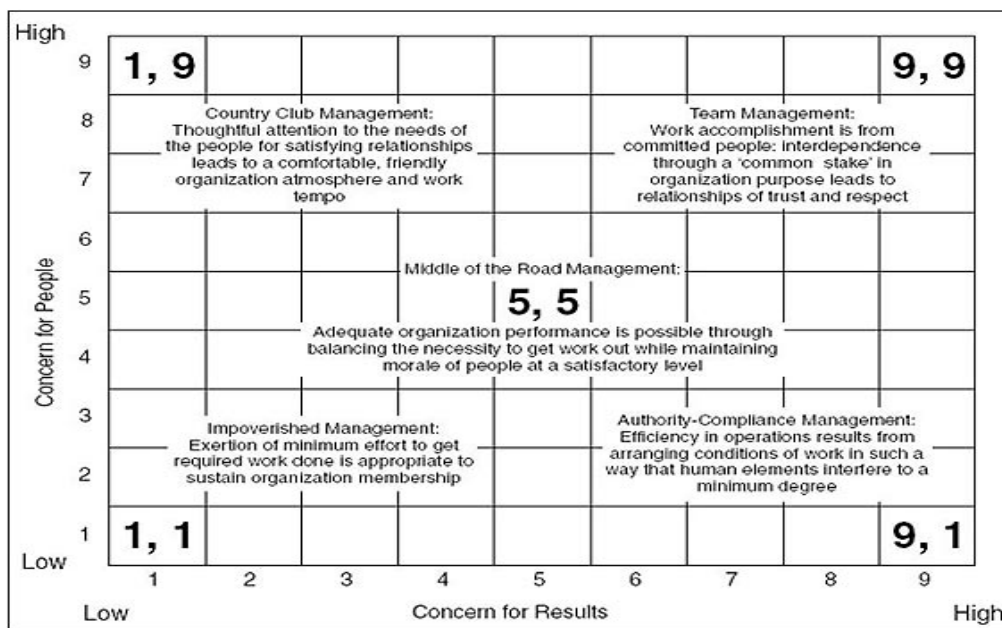
FIGURE 1. THE LEADERSHIP GRID; SOURCE: (BLAKE & MOUTON, 1962)

Advantages of the style approach:

- This approach includes the study of the behaviors of leaders.

- This approach is reliable due to its wide range of studies.

- The approach underscores the two core dimensions of leadership behaviors, task, and relationship and therefore it is valuable.

- The conceptual map is useful in understanding personal leadership practices.

Disadvantages of the style approach:

- There are still no associations with the behaviors of leaders (task and relationship) with outcomes such as e.g. morale or job satisfaction.

- The is no universal set of leadership behaviors that results in effective leadership.

- The approach fails to support that the most effective style is a high-high style (high task and high relation) (Northouse P.G., 2007).

4.4.4 Situational approach

The situational approach suggests leaders how they can become effective in the various settings within their organization. Depending on the situation which is the base of this approach it proposes a model to the leader showing how to behave in a demanded situation. This approach is can be classified and split into four leadership styles:

- S1: high directive – low supportive
- S2: high directive – high supportive
- S3: low directive – high supportive
- S4: low directive – high supportive

The situational leadership (SLll) model by Hersey & Blanchard (1997) goes even more into detail and shows how each of the above-explained styles can be applied to followers who work at different development levels, which are the following:

- D1: low competence – high commitment
- D2: moderate competence – high commitment
- D3: moderate competence – low commitment

- D4: great competence – high commitment
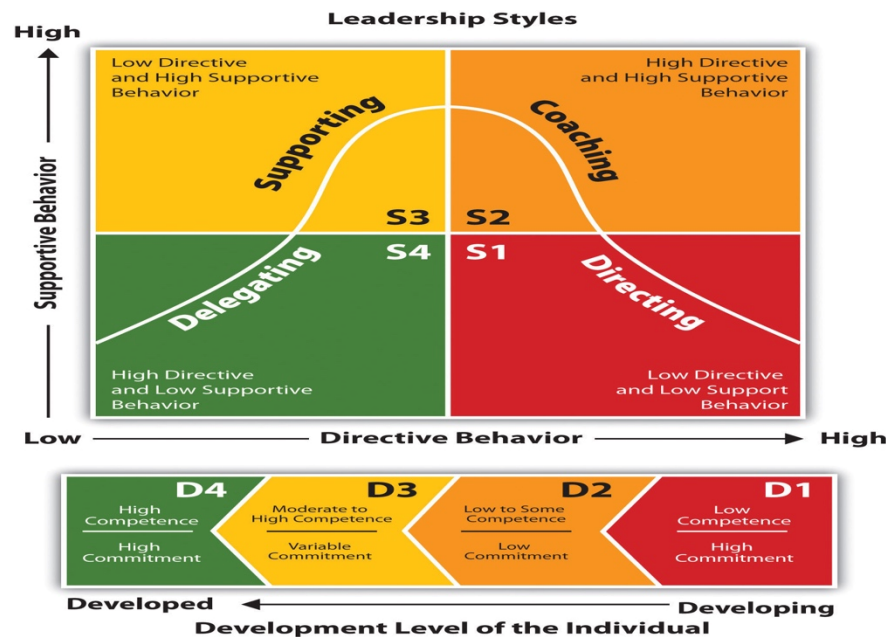
FIGURE 2. THE FOUR LEADERSHIP STYLES; SOURCE: WIKICOACH2.COACHBYAPP.COM

Effective leadership is only ensured when the leader can correctly perceive the development level of a subordinate in a particular situation and is then able to execute the leadership style that fits best according to figure 2. Leadership in this approach is measured solely by using questionnaires. These questionnaires focus on work related situations assessed by the respondents. The questionnaires are helpful to leaders because they proved them with information about their diagnostic ability, flexibility, and effectiveness. Therefore, they help leaders to change their leadership style and to enhance their efficiency in various situations (Northouse P.G., 2007).

Advantages of the situational approach:

- This approach is a well-recognized standard to educate leaders.

- This approach is very practical and easy to understand and to apply.

- This approach provides a clear set of suggestions leaders should implement if they are eager to enhance leadership effectiveness.

• This approach recognizes that there is no best leadership style and that leaders should choose the style they think fits best in the given situation.

Disadvantages of the situational approach:

• The approach does not have a strong body of research supporting its position, which could lead to ambiguity.

• The approach does not clearly show how subordinates move from low development levels to high development levels.

• The approach does not say anything about which impact demographic characteristics have on leadership preferences.

• The approach does not provide information on how it can be used in group settings (Fernandez & Vecchio, 1997).

4.4.5 Psychodynamic approach

As Northouse P.G. (2007) says the psychodynamic approach of leadership is very different to the before explained approaches. It does not have one single model or theory as opposed to the other approaches. This approach displays a few different ways of how to look at leadership and personality is the fundamental concept that comes along with this approach. Personality in the psychodynamic approach has various aspects and can mean thinking, feeling or even other people. A big list of qualities and tendencies makes our character unique and defines it. People are creative, intelligent, shy or rigid in their behavior, and the list of personality traits is large as already said, but psychologists developed quite some different questionnaires, which are good to use for characterizing the personality of a person. Personality types are underlined in the psychodynamic approach, and proofs are presented to shows types that fit better to leadership situation or position. Ultimately, the psychodynamic approach is a certain way to observe the relationship between leaders and followers (Berens et al., 2001).

4.5 Three leadership theories

4.5.1 Contingency theory

There are many approaches to leadership which could be called contingency theories but the most known and recognized is Fiedler's contingency theory, which first time came up in the year of 1964. Fiedler and Chemers (1974) explain the theory as a leader-match theory, which implies that the leader has to match a particular situation. It says that the effectiveness of a leader depends on how his style of leadership fits the context of a situation and that is why it is called contingency. It is essential to understand the situation a leader leads and effective leadership is contingent on match the style of the leader in the optimum setting. Fiedler evaluated his theory by observing different leaders in different situation working in different parts of an organization. He judged the styles of the leaders and analyzed if they were useful or rather ineffective and after hundreds of cases, he was able to make a grounded generalization about the question, which leadership style fits best for a given situation in an organization and which fits least. Shortly said the contingency theory is primarily concerned with leadership styles and situations, and it provides the framework of how leader can effectively match their styles within a situation (Yukl G.A., 2002).

Leadership Styles

Leadership styles are task motivated or relationship motivated in the framework of contingency theory. Leaders who are focused on reaching a goal are task-oriented, and leaders who focus on creating a close interpersonal relationship with their followers are relationship motivated. To be able to measure the style of a leader Fiedler developed the Last Preferred Co-worker Scale (LPC). The once scoring low on the LPC scale are task motivated, and the once scoring high are relationship motivated (Northouse P.G., 2007).

Situational Variables

The extent which gives the leader control over his follower is called the situational favorability or situational control and is a complex situational variable that considers three aspects of the situation:

• The leader-member relations are the situations in which followers are loyal, and the relationship is friendly and cooperative.

• Position power is the situation in which leaders have the power (authority) to evaluate the performance of followers and reward or punish them as a result.

• Task structure is the situation in which standard procedures have to be done to accomplish a task with detailed descriptions on how to fulfil the task and how well the work was performed.

  The combination and weighting of these three aspects is the favorability situation (Yukl G.A., 2002).

Advantages of the contingency theory:

• This theory is supported by an extensive amount of research.

• This theory shows the impact of a situation on leaders.

• With this theory the leadership effectiveness is predictable.

• This theory can provide very useful leadership profile data.

Disadvantages of the contingency theory:

• This theory has not explained in detail the link between style and situation.

• This theory strongly relies on the LPC scale, which has been questioned on its workability and even on its validity.

• The theory can not easily be implemented in organizations, and it does not explain how organizations can use the results of the theory in practice (Northouse P.G., 2007).

4.5.2   Path-Goal theory

To explain how leaders, motivate their subordinates and to show how satisfied they are with their work the path-goal theory was created. Because its effectiveness depends on the leader's behavior and the traits of the subordinates and the given task the path-goal theory is a contingency approach. The path-goal theory is a result of the expectancy theory, which claims that employees get motivated if they feel competent if they get rewards for their work and perceive their payoff valuable for what they do. By selecting a leadership style, a leader can help employees to provide the missing part necessary for fulfilling the goal. The leadership style used can either be directive, supportive, participative or achievement oriented. The leader is

responsible for helping subordinates to reach their goal by giving directions, guiding them and by coaching them on their way to accomplishing the goal. There are a lot of predictions of how the leadership style used interacts with the employees needs and the nature of the task (Bess & Goldman, 2001).

As Northouse (2007) states directive leadership is effective with ambiguous tasks, supportive leadership with repetitive tasks and participative leadership is effective when tasks are unclear, or the employees are autonomous, and an achievement-oriented leadership style is effective when having challenging tasks.

Advantages of the path-goal theory:

• This theory provides a framework how the different styles of leadership affect the satisfaction and the productivity of subordinates.

• This theory is the only theory which combines motivation principles with the theory of leadership and is, therefore, unique.

• This theory provides a practical model showing the different ways that leaders can use to help their employees.

Disadvantages of the path-goal theory:

• Through its big amount of interrelated sets of assumptions, it is hard to use the theory in given organizational settings.

• Research does not fully support all claims of the theory.

• The theory does not show how the behavior of the leader directly impacts the level of motivation of the subordinate.

• This theory is very leader oriented, and it does not encourage the involvement of subordinates in the leadership process (Yukl G.A., 2002).

4.5.3   Leader-Member exchange theory

The leader-member exchange theory (LMX) takes in comparison to most of the before mentioned approaches and theories another approach and makes the interaction between the leader and its followers the center of the process. It makes the dyadic relationship between the two parties being the focal point. Before the LMX theory leadership was always something leaders, do towards their followers, but now leadership concentrates with this theory on the differences that possibly exist between leaders and followers from the base of an average leadership style. Within that theory, leaders treat followers in a collective way as a group. Depending on how well followers get along with their leaders they either become in-group members, meaning they are eager to their responsibilities or out-group members if they keep a formal hierarchical relationship with their leaders. In-group members receive opportunities and additional influence in comparison to out-group members who only get standard job benefits (Harter & Evanecky, 2002).

Researchers found that high-quality exchange between leaders and followers resulted in multiple positive outcomes such as less employee turnover and higher organizational commitment. A high-quality exchange results in followers feeling better and helping the organization to develop. New studies on LMX theory emphasize that leaders and followers are going through three phases, a stranger phase, acquaintance phase and partner phase. Followers are moving within those phases to strengthen their relationship (partnership) with their leaders. These partnerships, which are accompanied by respect, obligations and trust are not only positive for the follower's personal development, but they are also helping the organization to perform more efficiently (Scandura T.A., 1999).

Advantages of the leader-member exchange theory:

• This theory is a strong descriptive approach showing how leaders use some followers to accomplish organizational goals efficiently.

• This theory makes the leader-member relationship the focal point of the leadership process and is, therefore, unique.

• This theory shows the importance of effective communication and in leader-member relationships.

• This theory reminds to be fair when relating to followers.

•   This theory is supported by many studies with a linkage to high-quality leader-member exchanges.

Disadvantages of the leader-member exchange theory:

•   It is not quite fair to justice and divides subordinates by giving only some of them special rewards depending on their implications.

•   This theory entirely and explicit tells how building trust, respect and commitment should take place.

•   It is questioned if the measurements of the LMX theory is entirely adequate to capture the complexities of the leader-member exchange process (Northouse P.G., 2007).

4.6   Transformational leadership

Counting to one of the newest and most extensive approaches on leadership the transformational leadership has its focus on how leaders can inspire their followers to accomplish great success. It is essential for this approach that leaders need to understand and adapt the needs and motives of their followers. Bennis and Nanus (1985) say that transformational leaders have clear visions for the organization. Those leaders make followers meet higher standards, they seem trustful to others, and they give meaning to organizational life, and they are role models and recognizes change agents.

The method to assess transformational leadership is to use the Multifactor Leadership Questionnaire (MLQ) through which it can measure the behavior of a leader in seven areas:

Idealized influence - Idealized influence is also called charisma, and it describes leaders who act as strong role models to its followers.

Inspirational motivation- Inspirational motivation or simply called inspiration is used for leaders who have high expectations of their followers and through motivation they try to inspire them.

Intellectual stimulation - Intellectual stimulation is meant leadership that stimulates followers to be creative and innovative.

Individualized consideration - Leaders who provide this leadership style are supportive towards their followers, and they respond to the followers needs.

Contingent reward - the Contingent reward is an exchange process between leaders and followers were followers get a particular reward in exchange for the work accomplished.

Management-by-exception - Management-by-exception has an active and a passive form of leaders. The leader is either active because he tells the follower the mistake immediately or passive because he evaluates him later on without explanations. This leadership involves corrective criticism, negative feedback, and negative reinforcement.

Laissez-faire - This as the French phrase says hands-off approach represents the absence of leadership. The leader makes little effort to help the follower, gives no feedback and delays decisions.

Generally speaking, it can be said that good indicators for strong transformational leadership are high scores on individualized consideration and motivation factors (Bass & Riggio, 2006).

Advantages of the transformational leadership:

• This approach is current and used model with high attention by researchers.

• This approach has a strong individual appeal.

• This approach points out that followers are important in the leadership process.

• This approach emphasizes to include the growth of followers and morals and values are important to it.

Disadvantages of the transformational leadership:

• This approach has a lack of its conceptual clarity.

• It suffers from a heroic leadership bias, and it, therefore, seems to be a bit undemocratic sometimes.

• This approach is based on the MLQ, and some research has challenged this.

• This approach has the potential to be used in negative ways by leaders (Northouse P.G., 2007).

However, the transformational leadership is a widely used practical approach, and it appears to be valuable.

4.7   Team leadership

Team leadership is one of the fastest growing fields of leadership theory and research. Indeed, because companies nowadays focus more and more on group work and group accomplishments than ever before. Surely, the personal performance of an individual is important, but the overall achievement of the group is even more important. What research understands under the term team in an organization is a group of people depending on each other who share a common goal and who have to manage their activities to achieve the target. Project management teams and work units are good examples of a team (Day, Gronn & Salas, 2004).

Hill's leadership model is an excellent model, which provides a systematic framework of factors that positively affect group outcomes or general effectiveness. The important and critical leadership function of this approach is to support the group achieving the common goal through monitoring and diagnosing the group and its members and taking actions when necessary. The model describes the decisions a leader must make to assure the effectiveness of the group. Monitoring or action taking? Internal or external? And which leadership functions have to be implemented to the functioning of the group (Northouse P.G., 2007)?

Questionnaires filled out by all team members including the team leader can help to identify specific issues in some areas, and they allow immediate actions of improvement.

Hill's Model for Team Leadership
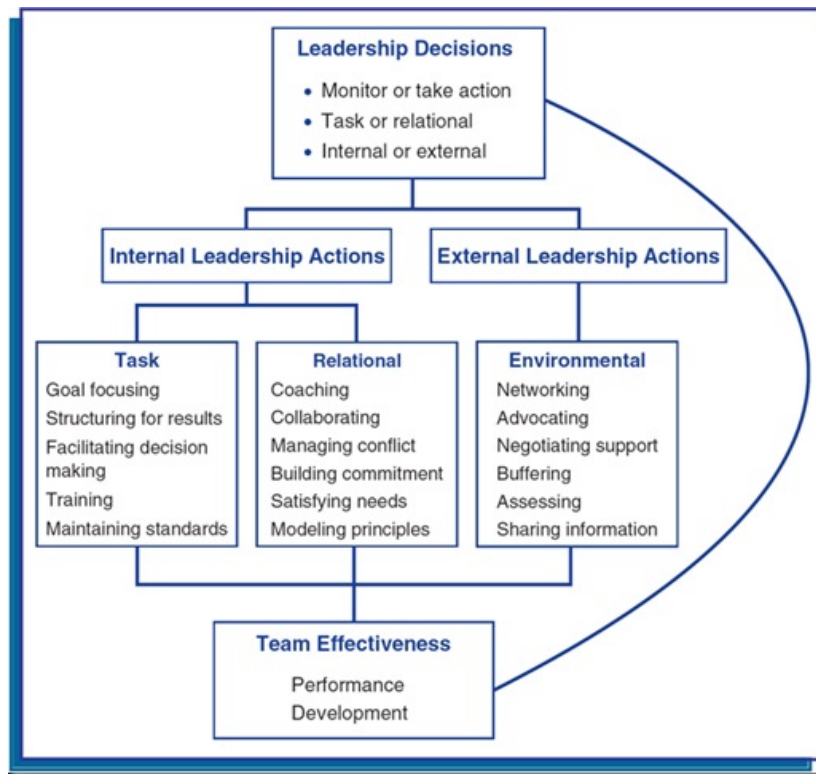
FIGURE 3. HILL'S MODEL FOR TEAM LEADERSHIP; SOURCE: SITES.PSU.EDU

Advantages of the team leadership model:

- This approach is a practical focus on real-life organizational teams and how effective they are.
- This approach shows functions of leadership that can be shared within the group to reach improvement.
- This approach offers help in finding the right leader and the right group members.
- The model is understandable and not to complex (Northouse P.G., 2007).

4.8 Leadership and women

Gender differences started to be investigated in the 1970s, and those investigations have shown that women in leading positions are in comparison to their male opponents somewhat more likely to use democratic and transformational leadership styles. Looking at the effectiveness of leadership its research came to the conclusion that women have a small disadvantage in the masculine dominated domains and a small advantage in feminine dominated domains as well as a higher use of transformational and contingent rewards behaviors (Engen, Leeden & Willemsen, 2001).

Women are notably less represented in top leadership positions than men and removing the invisible barrier, this glass ceiling of keeping women out of highly responsible leadership positions would be of great help to ensure at least equal opportunities. Women have great talents and diversity can be directly linked to corporate financial success. There are numerous arguments for the aforementioned glass ceiling, and one of the sets of arguments has its focus on women's lack of human capital investment in education, training, and work experience. Even though there is no empirical support for women being less educated in comparison to men, and that they are more likely to quit jobs, there is evidence that women undertake significantly more family responsibilities, which logically results into more interruptions of the careers path and less work experience (Eagly & Carli, 2007).

Women are with certainty neither less committed to their jobs nor less effective at leadership or less motivated to reach leadership roles than men but women are less likely to promote themselves and less likely to start negotiations, which is an important tool when talking about accessing professional opportunities. There are slight psychological differences between genders like men being more self-confident, but there is no evidence of this being and advantage concerning effective leadership (Bowles, Babcock & Lai, 2005).

4.9   Leadership and culture

Globalization is a key word in this context because globalization is the reason for today diversity in an organization's culture. Since the second World War globalization is the interdependence between nations. Through economic, social, technical and political growth world's population becomes more and more interconnected. Our organizations, our communities have lived their biggest cultural exchange since ever. People travel and communicate almost without any borders beside some exceptions. Undoubtedly, globalization created many challenges in today's organizations. There is an emerging need for multinational organizations to find the appropriate leaders who can manage cultural diverse employees. The need to understand how cultural differences affect organizations and how they can best be used to enhance quality, and the overall performance of an organization was created (House et al., 2004).

The necessity of leaders being cross-cultural aware in their practices has become inevitable in today's society. Five intercultural competencies have been developed by Adler and Bartholomew (1992):

• Leaders need to understand business, political and cultural environments on a global scale.

• Leaders need to learn the tastes and trends, technologies and perspectives of as many other cultures possible than theirs are.

• Leaders need to work simultaneously with people belonging to other cultures.

• Leaders have to able to live and communicate in other cultures.

• Leaders need to see people from other cultures from a cultural equality point of view instead from a cultural superiority.

Ting-Toomey (2012) stresses that nowadays leaders have to be transcultural visionaries. Communication competencies to articulate and implement visions in a diverse work environment are mandatory, and finally, leaders need to have a challenging set of skills to be effective in today's society (Northouse P.G., 2007).

4.10 Leadership ethics

There is only very few theoretical research on leadership and ethics even though ethics exists for thousands of years. Ethics play an essential role in the leadership process. Leaders have by definition to influence their followers and because they have more power than their subordinates they have an immense ethical responsibility for the way they address people. Leaders have to treat followers with respect and dignity they deserve, and they are responsible for creating an ethical climate in the organization. The role of a leader requires sensitivity towards the promoted values and ideals.

Leaders have to lead with attention to the following attributes:

Respect – leaders have to listen to their subordinates and be tolerant toward the different point of views.

Service – leaders have to serve others by being selfless, others welfare is prior the own well-being to contribute to the common interest.

Justice – the center of decision making should be fairness. That includes being fair towards an individual and at the same time towards interests of the community.

Honesty – good leaders do not present truth to others in a counterproductive way nor do they lie to them.

Community – good leaders always try to have goals which are compatible with the goals of followers and the society as a whole (Bass & Steidlmeier, 1999).

5 CREATING SUSTAINABLE COMPETITIVE ADVANTAGE

5.1 How to use organizational resources to create sustainable competitive advantage

Three organizational resource types can be classified, which are corporate culture, marketing assets, and marketing capabilities. Certainly, every organization can come up with resources or services that they think will help to reach competitive advantage but researchers found out that under the resource-based view there only three characteristics that help to create sustainable competitive advantage (SCA):

Creating customer value

Does the resource contribute to customer value and how? There are two value creation possibilities either direct or indirect. Direct value creation could be through superior technology (using technology), better service (skilled and motivated employees), brand differentiation (brand name) and availability (distribution coverage). Whereas other resources have indirect value for customers, and they only add value to the client when ending in a lower price. The resources or services creating customer value always have to be relative to the once of the competitors.

Unique or rare resources

Competence resources or services that are unique to organizations are called distinctive competencies, whereas core competencies are not unique competencies. To create sustainable advantage, the rarity of resource and services have to be sustained over time.

Not imitable or hard to copy resources

Even resources that are unique to an organization can be imitated in the long run by competitors and during that time, competitors find ways to appropriate their products or services to critical resources. Some ways can help to avoid imitation, such as legal limitation by using a patent and copyrights (Collis & Montgomery, 1997).

5.2   Classical ways to competitive advantage

Porter (1985) identified two ways creating competitive advantage, which he calls cost leadership and differentiation and shows how they can be achieved through a systematic approach. Every activity within the value chain can be used to produce added value to a product or service. These added values are mostly lower costs for a good or service or valued uniqueness.

Porter's Model of creating competitive advantage
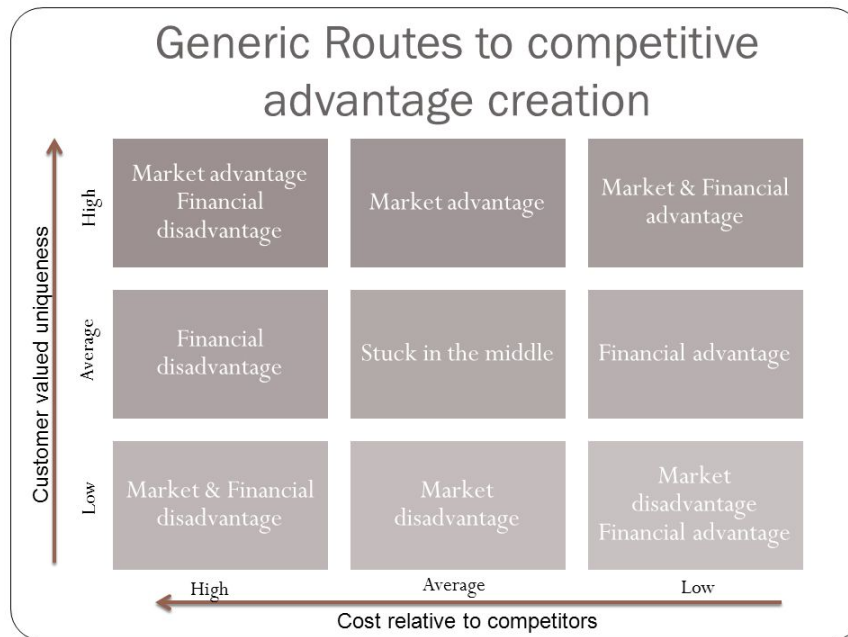
FIGURE 4. GENERIC ROUTES TO COMPETITIVE ADVANTAGE CREATION; SOURCE: SLIDEPLAYER.COM

5.3   Competitive advantage through cost leadership

Several different factors, ten by number have been identified by Porter (1985) that affect organizational costs, and they are called cost drivers.

Economies of scale

In most industries economies of scale are the single most effective cost drivers and the size of a company can directly help to create a purchasing leverage to secure price and quality of a product or service. However, economies of scale are more often mentioned in manufacturing operations than in the service industry.

Experience and learning effects

Learning and experience effects can lead to cost reduction whereas learning is meant by increasing the efficiency of a level of scale through employees who repeated necessary tasks many times before. The production learning curve was extended by the Boston Consulting Group (BCG) who through experience looked at the efficiency of departments in an organization. BCG found out and proved empirically that each time cumulative production (a measure of experience) doubled, costs reduced by fifteen to twenty percent. This means that by definition if all companies working on the same experience curve, the organizations with a larger market share will have a cost advantage through experience.

This experience which leads to cost reduction can be either implemented in a company through hiring experienced staff or through enhanced training, but experienced staff can always be head hunted if they are not paid well enough. However, the concept of the BCG was deducted from the manufacturing industry, and it is therefore not clear how good it can be applicable in the service sector.

The use of capacity

A clear and therefore significant positive association between utilization and return on investment was shown by (Buzzell & Gale, 1987). For smaller companies the signification is stronger than for larger companies. Changes in utilization can add significantly to costs, and therefore planning of production and inventory for seasonality fluctuation is needed.

Linkages and interrelation with SBUs

Linkages are other activities which have an effect on costs in producing and marketing a product. Quality control can have a significant impact on costs. It was proven in different markets that superior quality can lead to reducing rather than rising production costs. Just-in-time delivery has a massive cost reducing effect in stockholding costs for example. A very close working relationship between buyer and supplier is required for just in time to work out efficiently. Indeed, interrelations with SBU's in the corporate portfolio help are positively influencing the experience and the gain of economies of scale marketing research, ordering and purchasing and other functional activities.

Integration degree

Contracting out delivery or service can have an effect on cost reduction. The same effect occurs with decisions of producing in-house or buying individual components. Those decisions can have a significant impact reducing costs and can be implemented in the service industry as well.

Timing

Timing can be the factor leading to success and furthermore to cost advantages. It is evident that the first mover in a market can gain a cost advantage by buying cheap or good quality raw material. Even second movers can benefit by entering the market at the right moment e.g. benefit technological failure by first movers. Timing in the strategic plan is crucial for a company. There are certain time windows in which entering a market can be critical to the company's success, and there are time windows which negatively impact the success or do not even allow to get into the market. In sum, it can be said that successful strategies are timely strategies.

Choice of policy

Decisions on the product line or the product itself and its quality levels can affect the costs of a product and their perceived uniqueness, and they are the prime areas of differentiation. However, cost reducing should only be done on factors that do not significantly affect the unique character of the product.

Location and institutional factors

The geographical location of a company can reduce the overall cost by e.g. lowering distribution as well as institutional factors e.g. government regulations can lead to cost reduction. Certainly, government sensitivity towards organizations is dictating institutional costs.

From the mentioned cost reducing drivers, it has to be understood that there are first of all many different ways that can lead to a competitive advantage. However, it has to be understood that there can only be one cost leader, and there are some ways in which this position can be attacked by using other cost drivers. Cost advantages are very hard to sustain in a market, and this is the reason why this should always be a constant objective of management to reduce costs, which have no direct added value to customer's satisfaction (Hooley, Piercy & Nicoulaud, 2008).

5.4 How to achieve differentiation

If a company want to differentiate itself from its competitors, then the above-mentioned drivers to lower a company's costs can also be seen as uniqueness drivers. There are five drivers that potentially lead to uniqueness of a company.

Uniqueness drivers
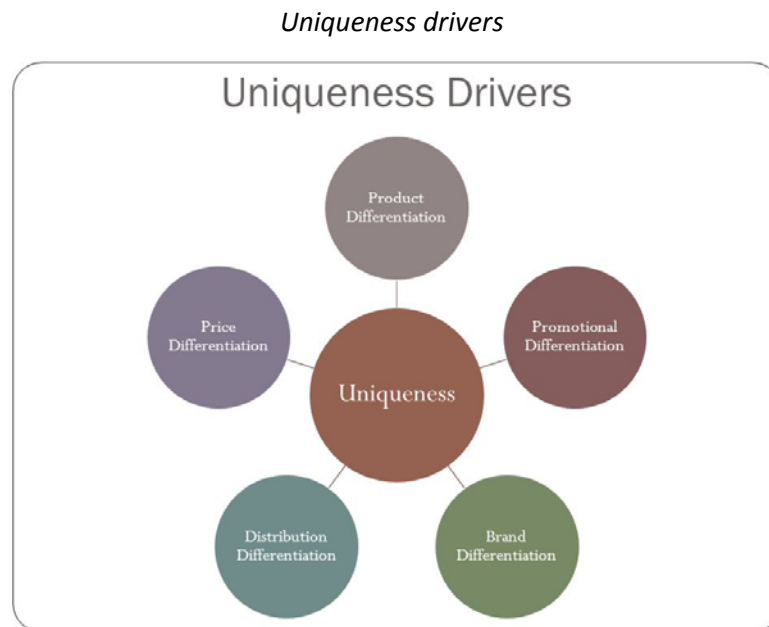
FIGURE 5. UNIQUENESS DRIVERS; SOURCE: SLIDEPLAYER.COM

5.4.1 Product differentiation

Levitt (1986) suggested that a product or service can be divided or expanded in four different levels with the aim of increasing the value of the product (Levitt, 1986). Starting with the core product (e.g. the central service offered in a hotel), then the expected product (ability to pay with credit card), the augmented product (while paying with credit card a wet towel is offered or some sweets) and finally the potential product (paying ten times with credit card leads to one night free of charge in the hotel). The future of product differentiation will have a focus on the augmented and the potential product because creating added value and customer delight surely leads to competitive advantage.

5.4.2 Distribution differentiation

This differentiation is important and comes from the use of different outlets, having a different network or different coverage of the market. Order a product online and picking it up in the preferred outlet would be a good example of distribution differentiation. Certainly, the internet has a significant contribution to firm's distribution strategies. First, mover advantage leads to short-term differentiation because competitors can easily copy the idea (Hooley, Piercy & Nicoulaud, 2008).

5.4.3 Price differentiation

A low price strategy can successful in areas where companies enjoy a cost advantage or where competitors have barriers to compete with a lower cost structure. A price war without any cost structure strategy can have a catastrophic outcome. Premium pricing as opposed to low price strategies is possible and works where the services offered have advantages to the customer and are therefore a differentiated product. Depending on the degree of the product or service differentiation the more reason for premium pricing occurs (Shaked & Sutton, 1982).

5.4.4 Promotional differentiation

Public relations, direct mailing, direct selling and advertising can be, if they are mixed, very useful to a company's promotion. It is essential for businesses to make use of public relations to stay competitive. The intensity of promotion depends on the product and the stage of the product (launch, relaunch, etc.) Interviews with major executives as well as press releases are more credible and useful for companies than media advertising. However, using different messages with traditional media advertising can have differentiating effects of the product. Finally, public relations in comparison to advertising have the potential to be way cheaper and have a greater impact on sale (Hooley, Piercy & Nicoulaud, 2008).

5.4.5 Brand differentiation

Brand differentiation is the shifting from companies creating a unique selling proposition (USP) to building a unique emotional bond with the customers towards the company's brands. The Hotel Sacher Vienna, for example, is a luxury hotel in the heart of Vienna, but people don't necessary think of the hotel on first sight but the worldwide famous Sacher cake when hearing the Name Sacher, which means that the Brand awareness of Hotel Sacher is very high. Sacher,

Nike or Mercedes have established a strong place in the mind of consumers by constantly leaving messages with the association to the brand.

Brands play a significant role in today market; they help the customers to identify and know a product, and they simultaneously contribute to promoting the product or service of an organization (Steenkamp, Batra & Alden, 2003).

5.5 Preserving competitive advantage

There are as shown in the previous chapter many ways to create competitive advantage, but the most useful ways to create a sustainable competitive position are the by utilizing the following five points.

5.5.1 Unique products

The most powerful method to have a superior and unique position in a particular market is to have an exceptional and therefore unique product or service. Offering a product which is scarce valuable can lead to market leadership. Identifying the primary differentiating variables, the once which have the highest potential leverage of a unique and valuable product or service is the core focus. Innovation is the key to success because unique goods or services will always be the target of competitors who want to copy the product and will, therefore, make it hard to remain unique and due to that fact organizations have to keep continuing innovation. The willingness to look for new ways of differentiation can help maintaining market leadership (Lynn & Harris, 1997).

5.5.2 Clear definition of market targets

Having the right and definite targets in a market is essential to keep a product or a service unique and valuable. Constant customer monitoring and communication with them is imperative, and the company has to know exactly who their customers are and how to access them. The focus on target groups is crucial for a company because these groups are the once buying the product or the service. A clear focus on market targets is a clear indicator to serve these objectives successfully. Companies who do not focus on their activities towards serving market goals are less likely to adapt to market changes (Hooley, Piercy & Nicoulaud, 2008).

5.5.3   Enhancing customer linkages

To strengthen a company's position in the market, the creation of a close relationship is extremely imperative. The more a company takes care of its customers the more likely it is increases sales and therefore revenues. Due to todays high competition it is even more important for companies to have high-quality products and at the same time know and treat its customers well.

5.5.4   Brand and company reputation

To differentiate a product, the most likable outcome would be to change the product into a brand. The effect of a brand is that tells the customer what the product is as well as what is eventually does and how important the product is. The reputation of the brand and the company is the most valuable asset to protect. Due to the technological revolution and the rapid market changes the brand and the company's name is the most important intangible assets a customer finds security in. The desired goal is that people by the maker, not the product. Clients do not buy shoes they buy Nike shoes, they do not buy a hotel room at the Sacher Vienna they buy the experience of staying in such a famous building (Barlow & Stewart, 2004).

5.6   Leadership style and its impact on reaching competitive advantage

Leadership and competitive advantage differ from each other and are therefore two different variables. Proper leadership is understood as indicating the various paths for a team or group within an organization for achieving organizational goals. In comparison to that competitive advantage is known as the capability of an organization to make anything aimed under the premises of knowing the path to achieving it. A leader in an organization traditionally is in charge of subordinates or a group of individuals belonging to it. Leadership is usually a driver towards the aim of competitive advantage. A leader has various inspirational resources to foster creativity in an organization, which is a crucial role of leadership.

The main source for potential competition is competitive advantage, which induced the understanding that leadership plays the main role for an organization gaining competitive advantage leading to an organizations success in the market. Cameron and Quinn (2005) have shown that the competitive advantage of most organizations are based on their organizational structure, their internal culture and the technology used in the organization. Surprisingly, leadership the main factor for getting the edge over a company's competitors as well as the effect of leadership bringing innovation and gaining competitive advantage has not been pointed out by Cam-

eron and Quinn (2005), although leadership should be counted as one of the imperative sources of competitive advantage.

The role of leadership is vital for a company, and it is known as the backbone of an organization. If an organization manages to reach the competitive advantage leadership in the market, then the organization has a shift of business success which is manageable and measurable. Research has been done on leadership styles and competitive advantage, but one of the main impacts of leadership on competitive advantage has not yet been sufficiently studied (Khan & Anjum, 2013).

There are numerous leadership and motivation concepts and method, which are described to lead to organizational transformation and therefore result in competitive advantage but transformational, transactional and charismatic leadership concepts seem to be the most effective once beside all others (Howell & Avolio, 1995).

6 METHODOLOGY

To answer the research question of what impact the leadership styles of managers in Vienna's 5-star hotel industry have on the hotel's competitive advantage, secondary literature had to be consulted, and detailed literature review in books, articles, and journals on the internet has been carried out.

The methodology was structured as a multiple-phase approach involving the literature study mentioned above, followed by a qualitative phase containing two expert interviews and a quantitative phase, which was collecting data through a questionnaire. The answers of the sample provided by the respondents were analysed by using SPSS for Mac and Excel.

6.1 Introduction

This chapter will discuss the methodology used in order to get results on the questions such as: What is leadership? What styles do leaders have? Why does it matter in today's business life and particularly in the 5-star hotel industry in Vienna? Is there a connection between the style of leadership hotel managers have and the hotel's overall performance on the respective market, and if there is a link, which one is it? To get appropriate and valid answers to these questions expert interviews and a conducted survey will be analyzed.

6.2 Selection of methodology

The reason for choosing expert interviews and providing a questionnaire at the same time was that in order to get a real and valid outcome if the leadership styles used in Vienna's 5-star hotel industry have an effect on the hotel's competitive advantage the author supports the opinion that both side, superiors (leading managers) and subordinates (all employees) have to be questioned. Therefore, high position managers were interviewed, and all other employees were asked to fill in a questionnaire.

6.3 Expert interviews

In-depth interviews are qualitative research methods, which are very useful if detailed information about a certain topic has to be found by asking a person. Those interviews are important to find out which view a person has concerning certain issues. This kind of interviews

are used to distinguish individual opinions as opposed to group opinions and to refine survey questions for defined groups being asked in future. Under normal circumstances those interviews are of longer duration in comparison to questionnaires, generally at least twenty minutes. It is even common that the interview partners meet more than once and interviewees are encouraged to explain their answers (Boyce & Neale, 2006).

In this particular case, the interviews were conducted to detect top management position's point of view. The two experts chosen represent high management positions of two different 5-star hotels in the city center of Vienna. The asked questions are attached at the end of the thesis in the appendix (See Appendix 1).

6.3.1 Interview with the Director of Sales & Marketing of the Hotel Sacher Vienna

The interview with Mr. Andreas Glück, MBA Director of Sales & Marketing at the Hotel Sacher Vienna was held on the 19th of April 2016.

At first, Mr. Andreas Glück, MBA was asked to describe briefly how it happened that he works at the Hotel Sacher Vienna and since when.

Before Mr. Andreas Glück, MBA started to work for the Hotel Sacher Vienna he was working for the Marriott Lodging Group as a Sales Manager. He was head hunted by the Hotel Sacher Vienna in the early month of 2002 and started to work in August for his current employer the Hotel Sacher Vienna, which is still a family owned hotel. His career at the Hotel Sacher Vienna Mr. Glück, MBA started as a Senior Sales Manager, which he was for two years. After being a Senior Sales Manager, he was promoted to the position of Head of Leisure Sales and after a period of one year, he was again promoted to being Assistant Director of Sales. After almost one and a half year he became Director of Sales, and finally, he got promoted as Director of Sales and Marketing the position he is still holding today, the highest position underneath the position of the General Manager.

Asked about his current position in the Hotel Sacher Vienna and for how many people he is directly or indirectly in charge Mr. Glück, MBA said that his position as the Director of Sales and Marketing implies the supervision of a total number of five direct subordinates, which are an Assistant Director of Sales, two Sales Managers, one coordinator and one Sales and Marketing Assistant.

The question if and how he communicates his expectation of high performance towards his employees Mr. Glück, MBA answered with yes and added some additional details. He said that he has weekly sales meetings with his team of five individuals including himself and that during these sessions he always reminds his subordinates how imperative high performance is for the renown Hotel Sacher Vienna. He does not only communicate his expectations of high performance during these meetings but also on a regular basis during personal conversations with his employees. The Hotel Sacher Vienna also has appraisals once per year which are lasting one and a half to two hours. A significant and highly crucial part of these appraisals Mr. Glück, MBA says is the communication of the high-performance expectations towards the employees. The Hotel Sacher Vienna has a management by objectives (MBO) process, and it is important that the expectations of high performance have to be in line with the targets of the hotel Mr. Glück, MBA stressed. Not only with the primary objectives but also with the smaller targets, the goals of the Sales and Marketing department he added.

Mr. Glück, MBA was asked if he is always happy to instruct or coach his employees whenever it is needed. On that question, he answered that from his point of view guiding and coaching is crucial depending on what level of knowledge and experience the employee is. Personal training could be one method of improving an employee's position or even coaching through an issue as well as just delegating a particular job to a subordinate. However, recognizing small details during the daily business is important to be able to instruct or coach.

Another question Mr. Glück, MBA was asked was if he only intervenes when subordinates fail to meet objectives or if he intervenes before a failure occurs and what his intentions of intervening are if doing so. Mr. Glück, MBA stated that the degree of intervention depends on the personal case of failure and the extent of importance the case has. There are situations were immediate action has to take place from his side, and there are other situations where the correction can wait until it is performed. Whatever situation occurs it is crucial that feedback is given in any case.

The last and final question Mr. Glück, MBA was confronted with was if he praises his subordinates if they perform good work and how important praising is for him. His answer was that praising is crucial for each subordinate, and it should be mandatory for each leader to praise subordinates because recognition of good work is incredibly motivating for employees and encourages them to keep on working accordingly. In his opinion positive recognition leads to the commitment of employees towards the organization.

6.3.2 Interview the General Manager of the Palais Hansen Kempinski Vienna

The interview with Mr. Peter Knoll, MBA General Manager of the Palais Hansen Kempinski Vienna, was held on the 22nd of April 2016.

On the question how it happened that Mr. Knoll, MBA started to work at the Palais Hansen Kempinski he said that he began to work in September 2015 for the Palais Hansen Kempinski and that three months before he began to work he didn't even know that his next destination with Kempinski is going to be Vienna. Mr. Knoll, MBA is in his 20th year working for the Kempinski Hotel Group in which he built up the sort of reputation he is known for today, and that was the reason he was asked if he would be interested in this grand challenge Vienna. Additionally, the work he did before for Kempinski did not work out as wished for the group, so his decision was a rather simple one. Whenever a Kempinski property has some financial difficulties, Mr. Knoll is the one being asked to bring the property back on the right track. Bringing a hotel back in the right direction means that a turnaround is necessary to vitalize the figures of the respective property. Mr. Knoll, MBA stresses that a turnaround doesn't mean cost cutting it rather means looking at what costs are there at the moment and how they can be optimized and if the hotel has the right people in the right position. So it is about management and leadership he says, about the motivation of the subordinates and the question how a turnaround can be done from the existing position into a better and more competitive position.

Mr. Knoll, MBA is responsible for a total of 155 people, which indirectly report him through their operational team managers. There are also some external staff members who are contracted, and he is not directly responsible for them. His position of being the General Manager of the Palais Hansen Kempinski requires to oversee and orchestrate all the team members of the hotel and an executive team of seven people and eight head of departments. So his daily contact is with fifteen direct subordinates and of course with all other employees he meets while making his rounds of routine inside the building. His task of walking around the hotel and talking to different people from various departments is crucial because Mr. Knoll, MBA has to show his subordinates that he is present and that he can help them if help is requested. Speaking with the staff, checking what they do and showing them appreciation is imperative and one of the key issues in Mr. Knoll, MBA daily routine.

Confronting Mr. Knoll, MBA with the question if he communicates his expectations of high performance to his employees and how he does that he said that communication with the

team is essential in the hotel industry because it is a people industry. Therefore, communicating what is expected of the employees is crucial, but the key factor is not only to communicate what you expect from them, it is to praise them when they achieve the targets. Even if they did not achieve the goal it is important to make sure that they understood that there is still room for improvement. It is also important to show subordinates how they can manage to enhance well-done work. So the daily routine of being in contact with the employees and to make them understand the expected standards and giving them feedback is what a good leader has to do.

Next, Mr. Knoll, MBA was asked if he is always happy to instruct his employees whenever they might need to be instructed. To that question Mr. Knoll, MBA responded with a very well known statement, which says that a leader is somebody that has to communicate and coach people and a manager is a person that typically says, you do, and I check. A leader makes sure that he follows his subordinates, he coaches them, and he supports them. It is important to go side by side during the journey and ensure that subordinates have the possibility to grow within the organization Mr. Knoll, MBA says. He gave a beautiful example of when he was a young hotelier, and he stated that he had a superior which was an older lady back then telling him to do a task, and when he finishes the task he should tell her what he has done and then she will tell him what he has done wrong and what he did correctly. Mr. Knoll, MBA explained that this experience was crucial to his career because this lady gave him the chance to experience trail and error. Wanting or not he had to grow quickly with being exposed to that kind of situation and it helped him to become what he is now. It is critical and a key to success to help subordinates to climb the latter of levels, helping them to go from one level to the next by coaching them, instructing them and giving them feedback.

Another question Mr. Knoll, MBA answered was if he immediately intervenes when an employee fails to meet an objective or if he intervenes already before not letting the mistake to happen. Mr. Knoll, MBA supports the opinion that waiting for something to happen when you see it coming is the wrong approach. Actions have to be done when you see something is going wrong but at the same time, the person has to have the opportunity to fail because people learn out of failure. A regular stop on the employee's workflow does not work, the freedom and opportunity of a subordinate to work within a gate, a certain boundary, a framework where mistakes can be made have to be given. If mistakes happen the leader has to guide his followers through the trouble, they had within a particular time frame because if to much time passes the mistake might be irreversible. So if something big is going on were the company might have damages or a client is about to be damaged than a leader has to intervene. But if it

is a minor issue, let the subordinates make the mistake because it is a welcome learning proc-ess. However, attention has to be always given and never be underestimated because in the mind of the superior a small mistake might be a massive one with a significant impact on the subordinate's mind and the result would be fear and unsureness, which with certainty is not an aimed outcome.

The last and final question Mr. Knoll, MBA was asked was if he praises employees when they do good work and if he does so why it is important to do so. To answer this question, Mr. Knoll, MBA went back in time and said that he does not know any person who did not experi-enced being a child once and receiving praise for doing something good and the positive feel-ing felt in that moment. He compared this example with a company where employees work hard, and if they work hard, they have to be praised for the result achieved through hard work. To appreciate employees has a significant positive impact. People are thankful for receiving recognition, and they highly appreciate that. Feedback has to be equally given no matter if it is positive or negative. Negative feedback has to be constructive so something can be learned out of it and positive feedback has to be motivating. If that is done in a proper way, individual employees and teams will start to enhance and develop themselves.

6.3.3   Conclusion

In conclusion, some interesting things can be said after interviewing these two extraordinary people. Both with an experience of around twenty years in the hotel industry, in the end, stated that leadership is crucial to a property its success. This leads to the assumption that leadership is a sustainable competitive advantage, and if a hotel uses leadership as such, it will have a position as market leader. During the interviews, it was more and more clear that both interviewees used some in the literature mentioned approaches to reach their goals of leading successfully a team or even a hotel and all its employees. With certainty both did not on pur-pose use the leadership styles mentioned in the previous chapters but more or less lead by their instincts or maybe through the daily routine, these gentlemen have something, which result into an experience and in the end into knowledge. Of course, they could have also read some books or even visited some course about leadership or how to manage people, but that does not even matter because all those facts just prove and confirm the leadership theories mentioned in the literature review. Leadership is either something that is inborn as Goldberg (1990) says while thinking of leadership as a trait approach or you can even learn to be a leader through practice, and hard work as Mumford et al., (2000) explains in their skills ap-proach where leadership seems to be available for everyone who trained his skills. This ap-

proach shows that skills can be can be developed and improved and no matter how the two interviewees acquired their leadership skills they do a fantastic job.

6.4 Questionnaire

Usually and in this case as well the survey only involves a sample of the population the researcher has a particular interest in. The outcomes depend on the respondent's power of recall, their honesty and certainly on the format of the questions included in the questionnaire. Since there is always a gap between the answers of the respondents and what they think it is crucial to design the questions respectively and for instance using a scale from 1 to 5 instead of 1 to 6. That takes the respondent the possibility of always ticking the middle way. Depending on the purpose of research the questionnaire can have open questions, single choice questions or multiple choice questions.

A clear differentiation of the two terms "questionnaire" and "survey" is made by Veal (2006) saying that a questionnaire is the written schedule of questions and the word survey describes the whole process designing and conducting a study.

On the upcoming pages, the conducted survey in several 5-star hotels in Vienna will be presented, the process used to analyse the survey will be described and the results will be shown.

6.4.1 Questionnaire description

From the literature review on leadership, a list of issues was created, and these issues were used to format the structure of the survey. Due to the topic of the thesis, the target group of the survey was evident from the beginning. The questionnaire was constructed to find out what employees in Vienna's 5-star hotel industry think about their direct or indirect superiors and how they see their bosses performing on certain characteristic, psychological and professional factors which were the following six:

- charisma
- inspirational motivation
- intellectual stimulation
- individualized consideration
- contingent reward
- management by exception passive

Considering these factors, the questionnaire came up with a total of 21 questions including questions on age, income and gender. All the issues were single choice questions, and every question implied an answer to get to the next question and to finish the questionnaire finally.

The questionnaire was applied to a convenience sample of 52 respondents, who at the time being confronted with the questionnaire were employed in one of Vienna's 5-star hotels.

6.5   Data analysis

For investigative aspects of representativeness, the sample was compared to the literature. Besides the age, the income and the gender of the respondents, which will be discussed separately at the end of this chapter, the questions selected are partly based on the four dimensions of transformational leadership and partly on the two dimensions of transactional leadership. The first part of the questionnaire, which was charisma has four questions, the second part inspirational motivation has two questions, the third part called intellectual motivation has four questions, the fourth part individual consideration has three questions, the fifth part contingent reward has two questions and the sixth and last part management by exception has three questions. These questions are at the end followed by the three general questions being age, income and gender. The number of questions of each part was selected with the purpose of receiving as much and as detailed information as possible but on the other hand, the questionnaire should not be too long for the respondents. Therefore, in the end, the author decided that 21 questions in total are the appropriate amount of questions to be asked.

6.5.1   Charisma

The first four questions of the questionnaire focused on the charisma of the superior. Charisma describes a leader who is seen as a role model for followers. The first question asking if the employees trust their superiors completely was answered by 52 respondents (100.00%) and out of those 52 respondents 19 individuals, which are 36.54% agreed that they trust their superior completely. On the other hand, 16 people, which are 30,77% said they do not trust their superior completely and therefore disagreed. Only three (5.77%) people strongly disagreed trusting their superior and five (9.62%) subordinates strongly agreed and trust their superior completely. Figure 6 shows the detailed explained result visually.

	Strongly Disagree	Disagree	Neutral/Neither agree or disagree	Agree	Strongly Agree	Total	Weighted Average
People	5.77%	30.77%	17.31%	36.54%	9.62%		
	3	16	9	19	5	52	3.13
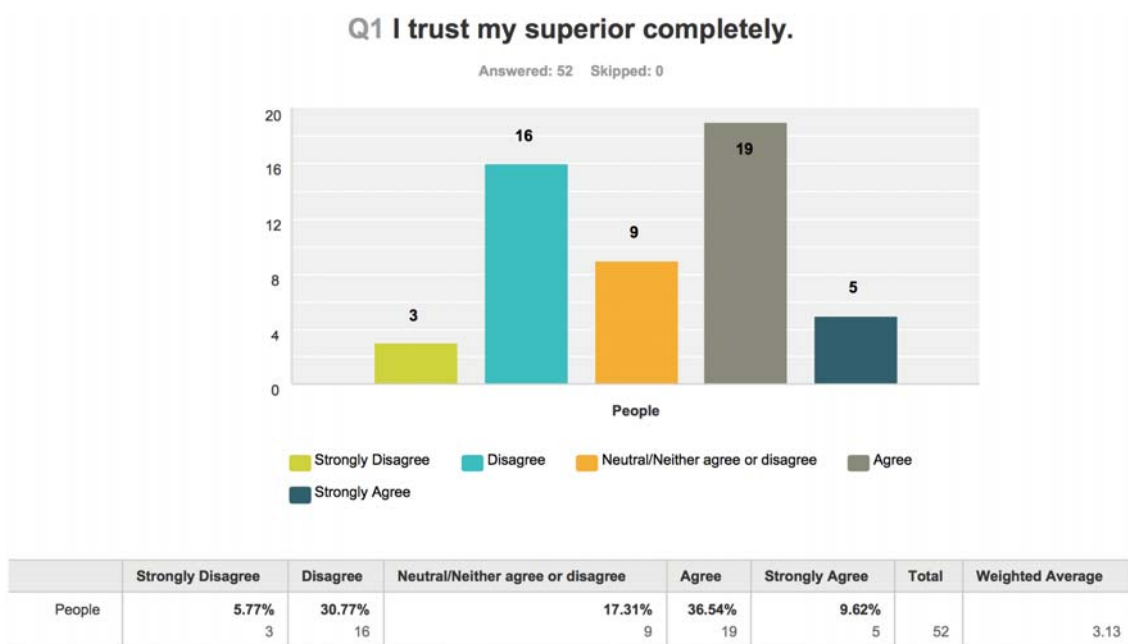
FIGURE 6. I TRUST MY SUPERIOR COMPLETELY

The second question belonging to charisma was if the employees have a good feeling when their superior is around them. This question was answered by 50 people, and two respondents skipped the question. 17 people (34.00%) said that they agree, 13 people (26.00%) disagreed. One person (2.00%) strongly disagreed, and seven subordinates (14.00%) strongly agreed. 24% (12 people) neither agreed nor disagreed. The visual display is shown in figure 7.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	2.00% 1	26.00% 13	24.00% 12	34.00% 17	14.00% 7	50	3.32
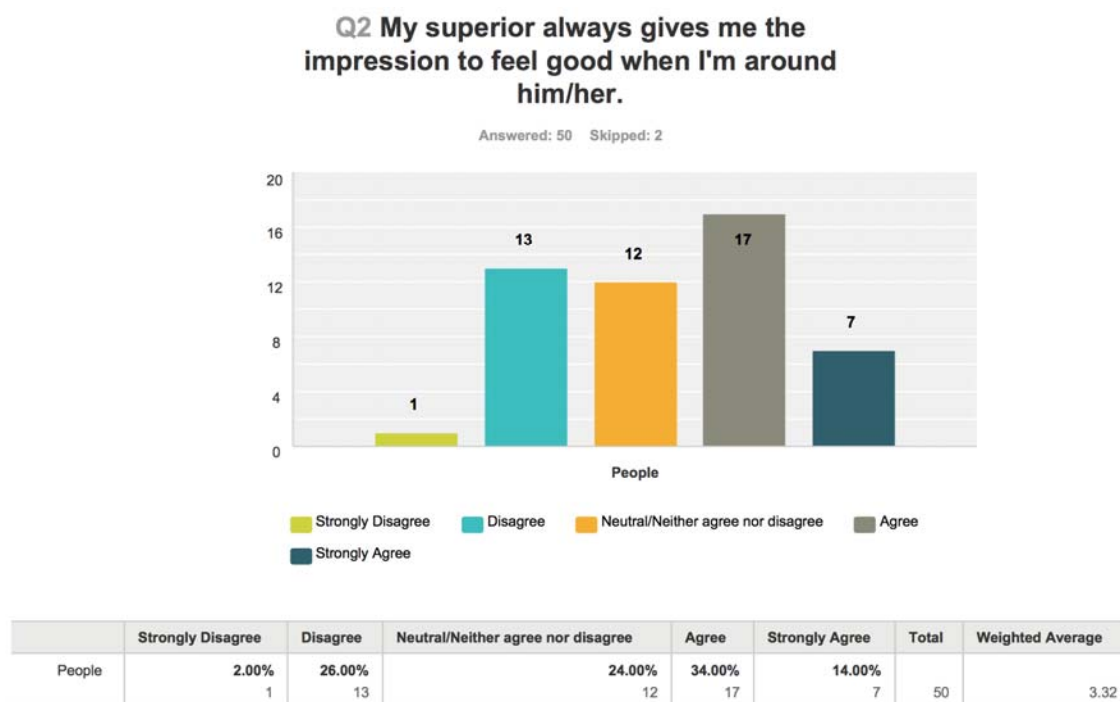
FIGURE 7. MY SUPERIOR ALWAYS GIVES ME THE IMPRESSION TO FEEL GOOD WHEN I'M AROUND HIM/HER

Question number three belonging to the superior's charisma was if the subordinates have a high opinion of their superiors. These kind of leaders are highly appreciated by their subordinates and they often provide them with a vision and understanding for the mission. 49 people answered this question, and three respondents skipped the question. 16 people (32.65%) agreed and only ten people (20.41%) disagreed to have a high opinion of their superiors whereas the same amount, ten respondents (20.41%) strongly agreed to have a high opinion of their superiors. Only two people (4.08%) strongly disagreed and therefore do not have a high opinion of their superiors. 11 (22.45%) of the respondents neither agreed nor disagreed with having a very high opinion of their superiors.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	4.08%	20.41%	22.45%	32.65%	20.41%		
	2	10	11	16	10	49	3.45
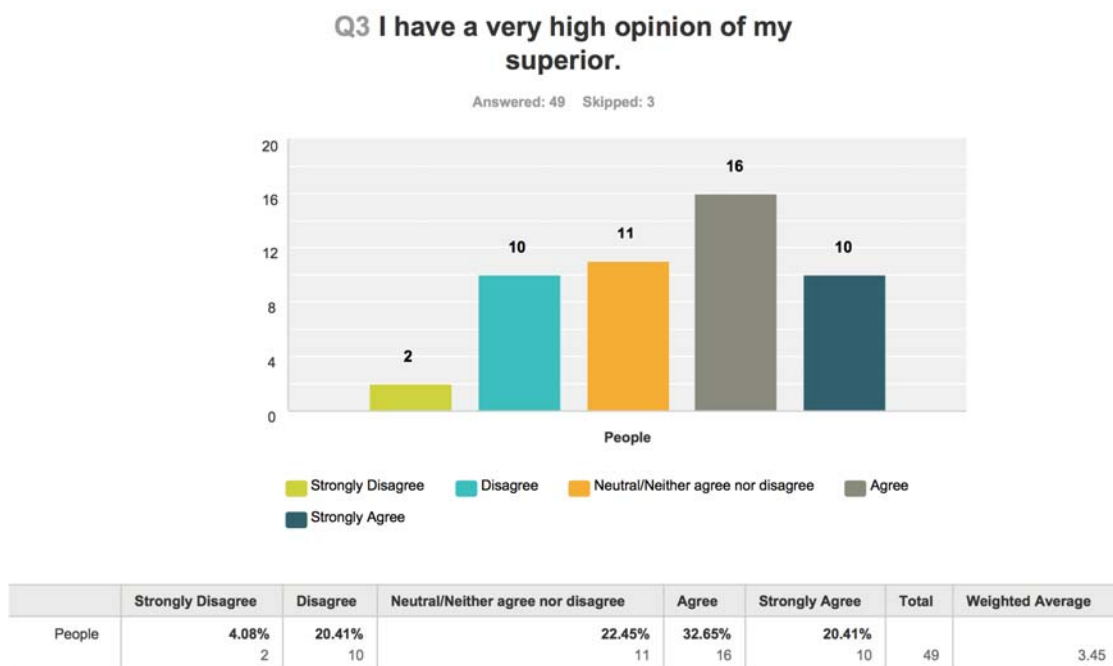
FIGURE 8. I HAVE A VERY HIGH OPINION OF MY SUPERIOR

The fourth and last question of covering the charisma part of the questionnaire, which can be seen in figure 9 focused on the question if the mission that has to be done is always clearly communicated by the superior. Out of 49 answered and three skipped, the result shows that 15 (30.61%) respondents said that they agree and that their superior clearly communicates the mission expected. 13 (26.53%) disagreed on that question. Six individuals (12.24%) strongly agreed, and only one person (2.04%) strongly disagreed saying that his or her superior does not communicate the mission at all. Out of the 49 respondents, 14 (28.57%) said that they are neutral towards this question and neither agreed nor disagreed.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	2.04%	26.53%	28.57%	30.61%	12.24%		
	1	13	14	15	6	49	3.24
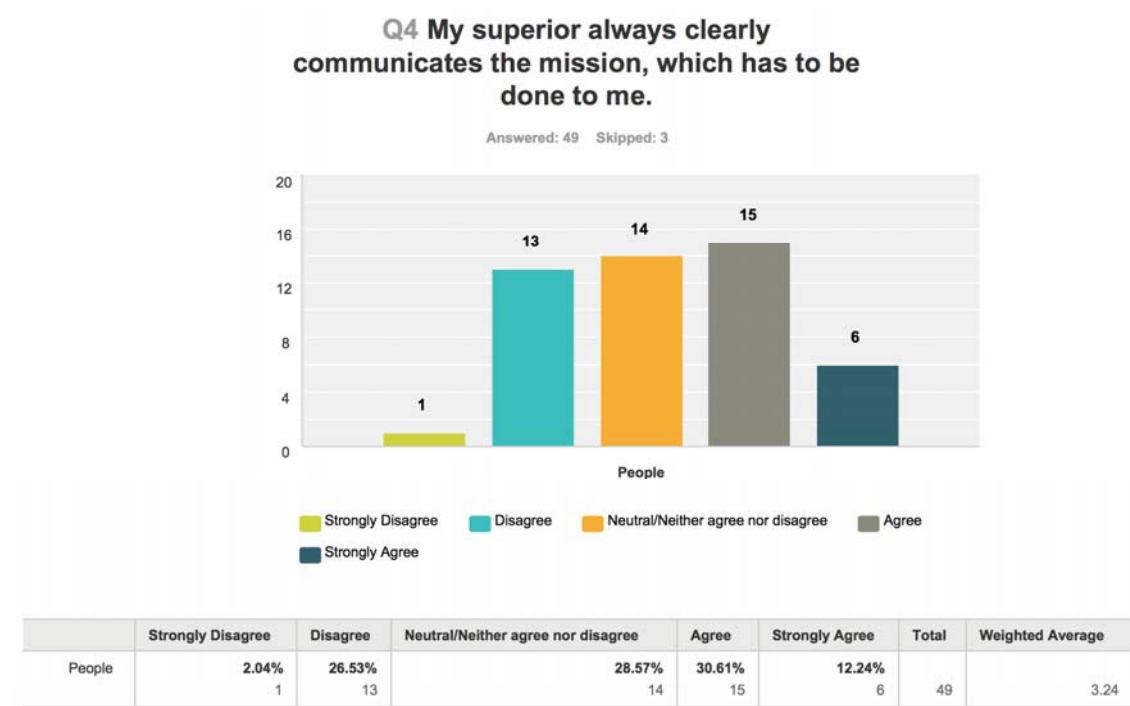
FIGURE 9. MY SUPERIOR ALWAYS CLEARLY COMMUNICATES THE MISSION, WHICH HAS TO BE DONE TO ME

6.5.2   Inspirational motivation

The next two question five and six focus on the inspirational motivation. By asking these questions, it can be identified if superiors can inspire their subordinates and therefore motivate them. Question five, if superiors have a vision that motivates the subordinates was answered by 48 respondents and four skipped this question. 16 people (33.33%) said that they agree with their superiors having a vision that motivates them whereas 11 people (22.92%) disagreed. Four people (8.33%) strongly agreed, and three respondents (6.25%) strongly disagreed. 14 people (29.17%) neither agreed nor disagreed as figure 10 illustrates.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	6.25% 3	22.92% 11	29.17% 14	33.33% 16	8.33% 4	48	3.15
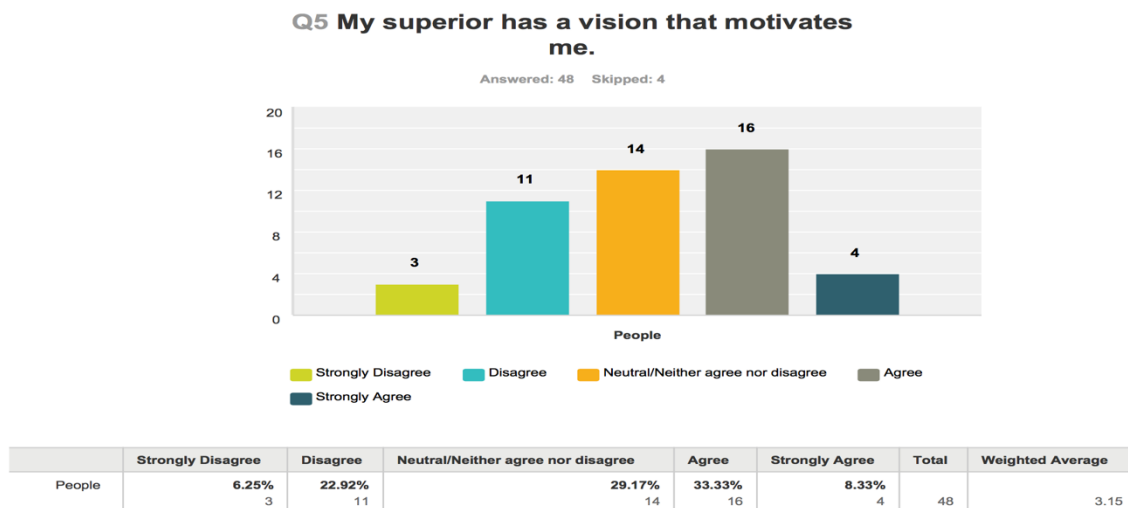
FIGURE 10. MY SUPERIOR HAS A VISION THAT MOTIVATES ME

Question six, which asked the respondents if their superiors always communicate their expectations of high performance towards their subordinates, and it can be seen in figure 11 underneath. The same amount of people as in question number five, 48 answered this question, and four skipped it. Almost half of the respondents 22 (45.83%) agreed that their superiors communicate the expectation of high performance and only eight (16.67%) people disagreed. The same amount of people, eight (16.67%) strongly agreed, and only one person (2.08%) strongly disagreed when asked if the expectation of high performance is always communicated to them. Altogether nine (18.75%) respondents were neutral and neither agreed nor disagreed.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	2.08%	16.67%	18.75%	45.83%	16.67%		
	1	8	9	22	8	48	3.58
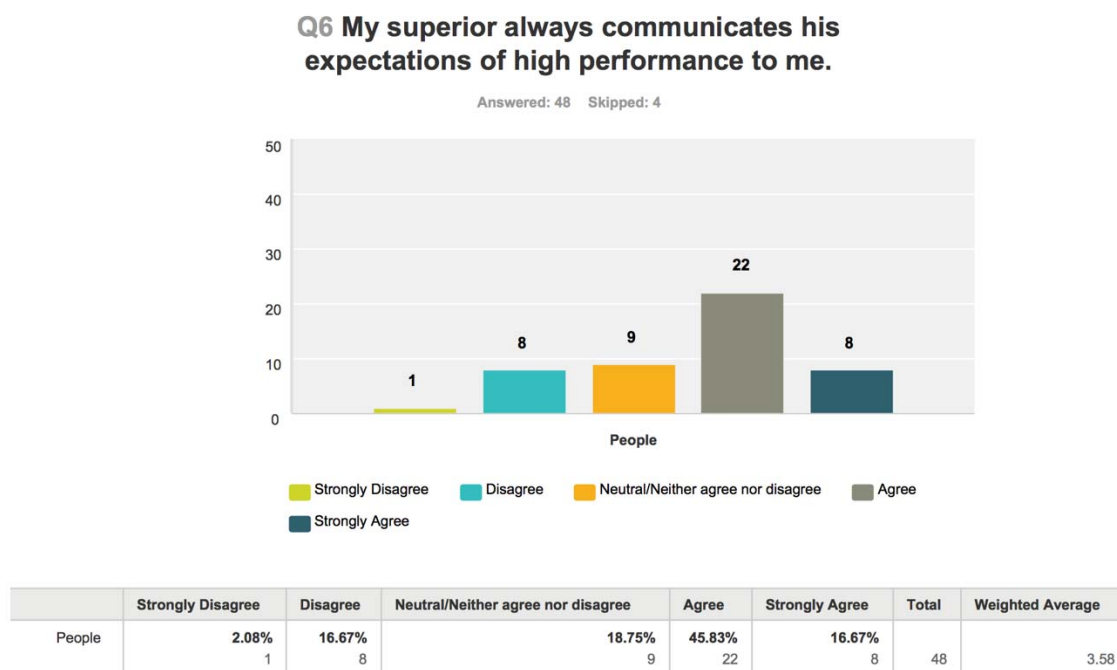
FIGURE 11. MY SUPERIOR ALWAYS COMMUNICATES HIS EXPECTATIONS OF HIGH PERFORMANCE TO ME

6.5.3 Intellectual stimulation

The following four questions 7, 8, 9 and 10 are questions belonging to the intellectual stimulation and try to find out if superiors can encourage their subordinates by appealing to their intelligence. Question 7 asked the respondents if their superior is showing them problems from a different perspective to solve them quickly and efficient. Out of 52 respondents, five skipped this question, and 47 answered it. 15 people, which represent 31.91% of 47 respondents agreed that their superiors try to show them other perspectives to solve problems quickly and efficient. The same percentage of people 31.91%, which are 15 people disagreed. Six people (12.77%) strongly agreed with their superiors helping them solve problems quickly and efficient and only one person (2.13%) strongly disagreed. Ten people (21.28%) of the respondents were neutral and neither agreed nor disagreed as it is in figure 12 illustrated.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	2.13%	31.91%	21.28%	31.91%	12.77%		
	1	15	10	15	6	47	3.21
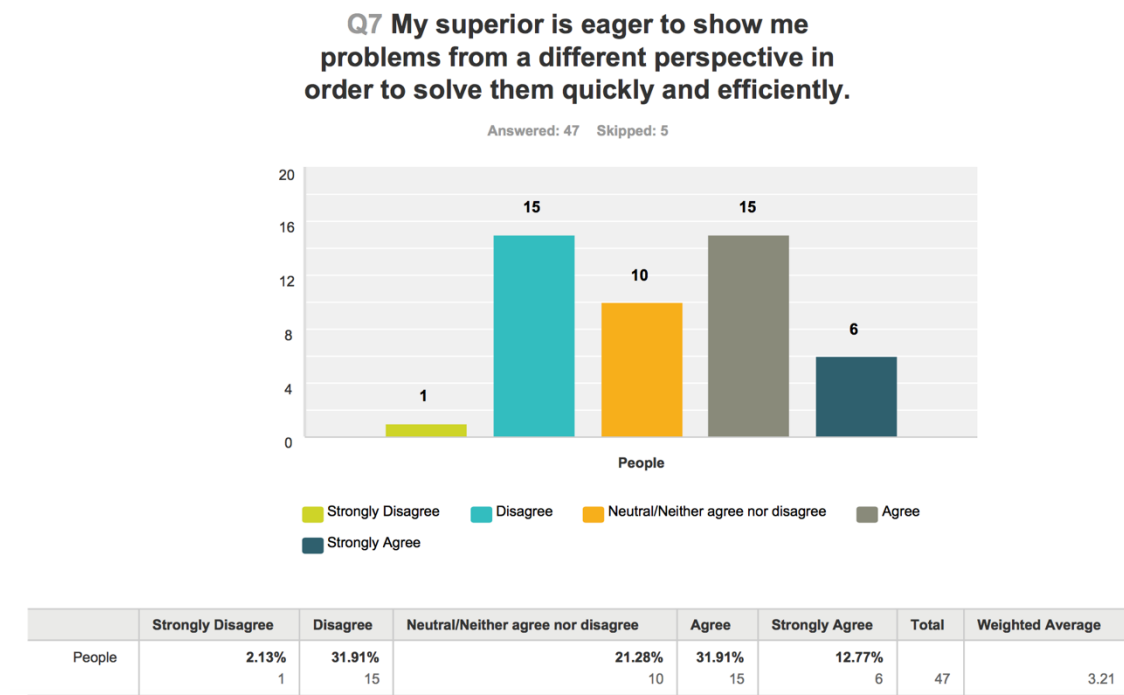
FIGURE 12. MY SUPERIOR IS EAGER TO SHOW ME PROBLEMS FROM A DIFFERENT PERSPECTIVE IN ORDER TO SOLVE THEM QUICKLY AND EFFICIENTLY

The next question asked in the questionnaire was if superiors provide their subordinates with reasons that make them change the way they think about problems and is shown in figure 13. A total of 47 respondents answered this question, and five skipped it. 15 people (31.91%) agreed, ten people (21.28%) disagreed, seven people (14.89%) strongly agreed, and four people (8.51%) strongly disagreed. Whereas, 11 respondents neither agreed nor disagreed.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	8.51% 4	21.28% 10	23.40% 11	31.91% 15	14.89% 7	47	3.23
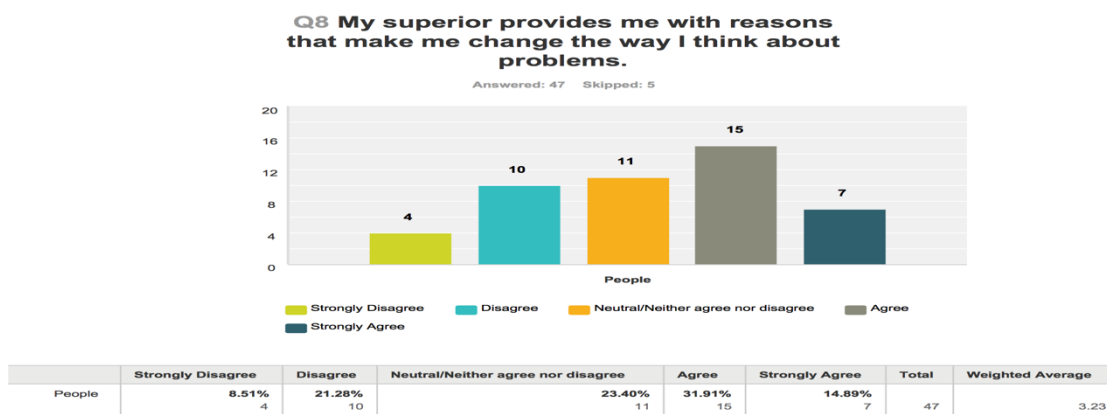
FIGURE 13. MY SUPERIOR PROVIDES ME WITH REASONS THAT MAKE ME CHANGE THE WAY I THINK ABOUT PROBLEMS

The question if superiors are happy to instruct or coach whenever a subordinate needs it was answered by 47 respondents and skipped by five individuals. 12 respondents (25.53%) said that they agreed, but in comparison, 18 people (38.30%) disagreed, which is almost half of the respondents in that case. However, nine people (19.15%) strongly agreed and two individuals (4.26%) strongly disagreed, which can be nicely seen in figure 14 that more or less half of the respondents said their superiors are happy to instruct or coach them and the other half said that their superiors are not happy to instruct or coach them. Six people (12.77%) answered this question neutral and neither agreed nor disagreed.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
People	4.26%	38.30%	12.77%	25.53%	19.15%		
	2	18	6	12	9	47	3.17
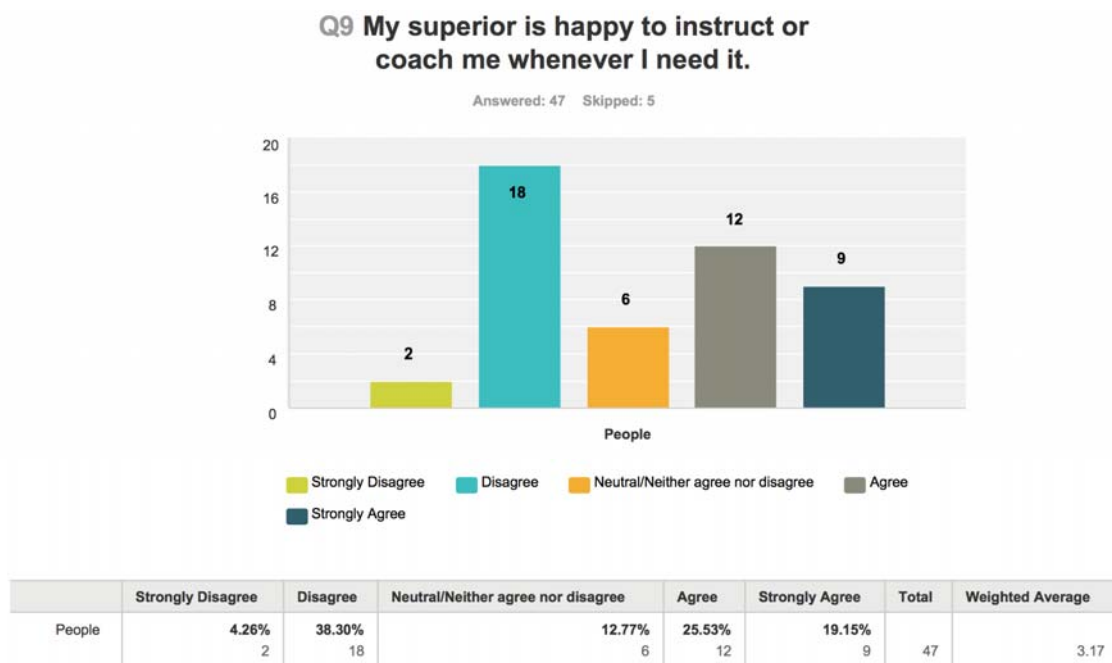
FIGURE 14. MY SUPERIOR EMPHASIZES THE USE OF INTELLIGENCE TO OVERCOME OBSTACLES

Question 10 was the final question on the part of the questionnaire which had its focus on the superior's intellectual stimulation abilities to motivate their subordinates. 45 respondents fully answered this question, and seven skipped the question. 15 people (33.33%) agreed when asked if their superiors tell them to use intelligence to overcome obstacles and only seven people (15.56%) disagreed. The same number of people seven (15.56%) strongly agreed, and only one person (2.22%) strongly disagreed. The other 15 individuals (33.33%) were neutral, and neither agreed nor disagreed. Figure 15 shows the almost bell shaped curve of responses.

Q10 My superior emphasizes the use of intelligence to overcome obstacles.

Answered: 45   Skipped: 7

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	2.22%	15.56%	33.33%	33.33%	15.56%		
	1	7	15	15	7	45	3.44
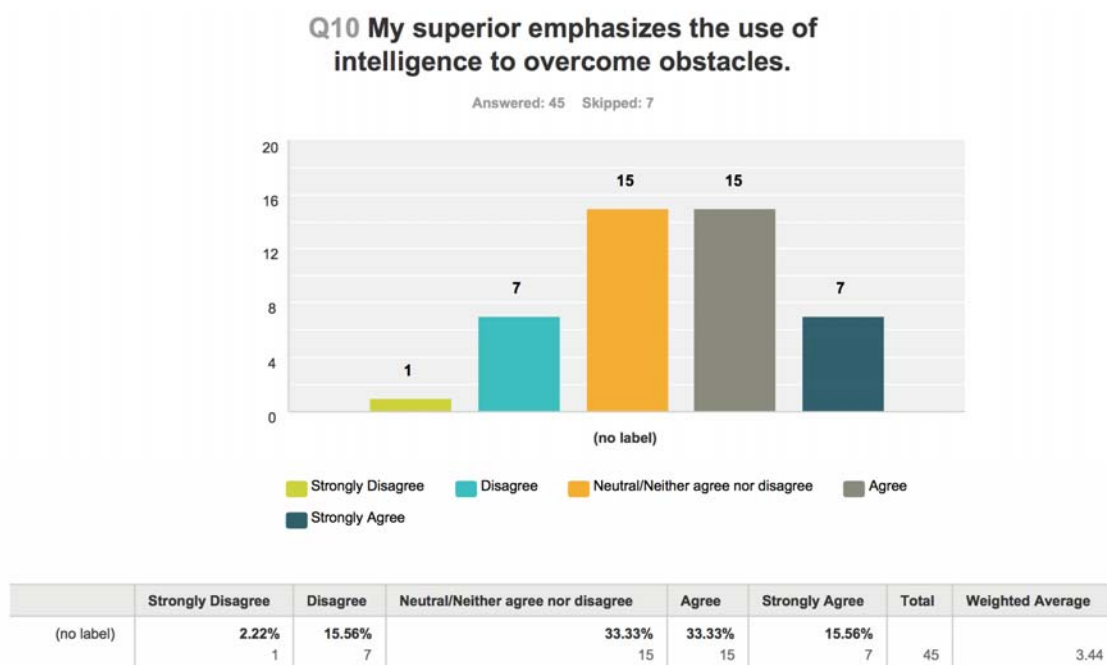
FIGURE 15. MY SUPERIOR PROVIDES ADVICE TO ME WHEN HE FEELS THAT I NEED IT

6.5.4 Individualized consideration

The upcoming three questions had the focus to the individualized consideration were the superior creates a supportive climate for the subordinates. In question 11 respondents were asked if their superiors provide advice when he feels the subordinates need it. 16 people (35.56%) out 45 answered and seven skipped questions said that they agree, and 11 subordinates (24.44%) disagreed. Six people (13.33%) strongly agreed, and one person (2.22%) strongly disagreed, which means that 11 people (24.44%) were neutral and neither agreed nor disagreed on that question as it can be seen in figure 16.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	2.22% 1	24.44% 11	24.44% 11	35.56% 16	13.33% 6	45	3.33
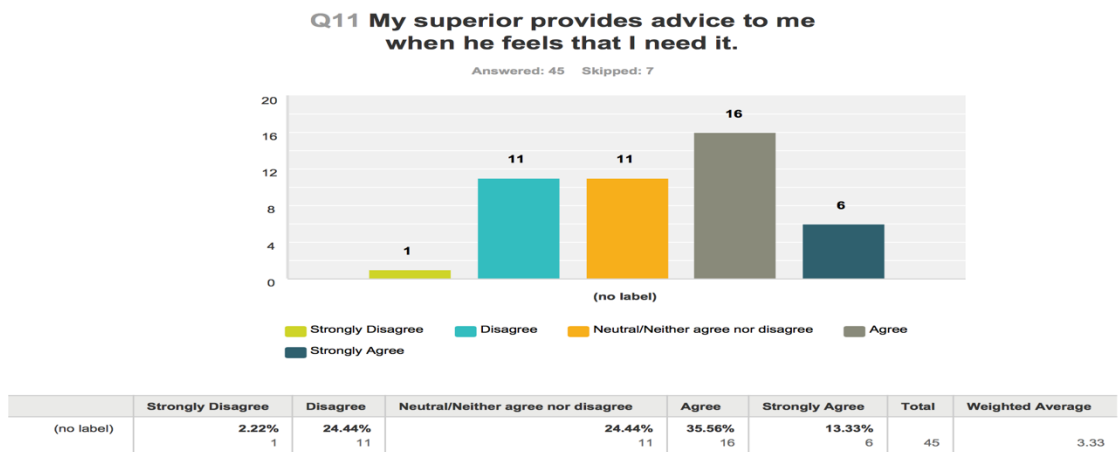
FIGURE 16. MY SUPERIOR IS HAPPY TO INSTRUCT OR COACH ME WHENEVER I NEED IT

The next question in the individualized consideration part of the questionnaire was asked about if the superiors help each newcomer to find its position in the team quickly. Again 47 respondents answered this question, and seven skipped it. 14 respondents (31.11%) responded to this question by ticking agree, and seven people (15.56%) disagreed. Ten respondents (22.22%) strongly agreed whereas one person (2.22%) strongly disagreed and 13 people (28.89%) ticked neutral and therefore neither agreed nor disagreed as figure 17 shows.

Q12 **My superior helps each newcomer to quickly find his position in the team.**

Answered: 45   Skipped: 7

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	2.22%	15.56%	28.89%	31.11%	22.22%		
	1	7	13	14	10	45	3.56
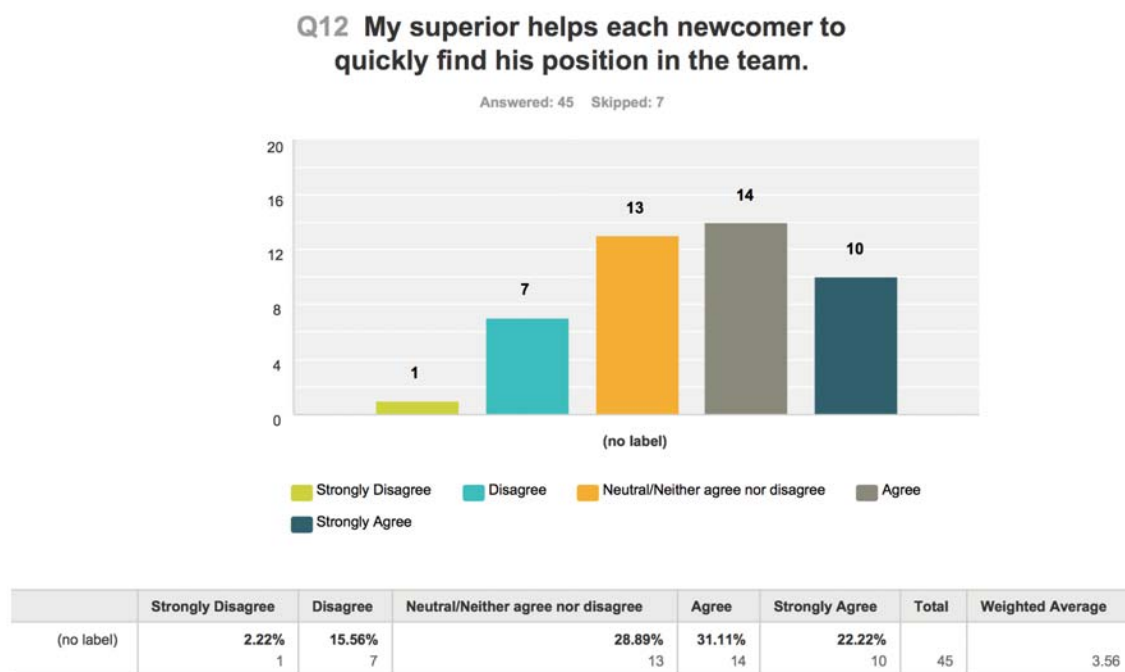
FIGURE 17. MY SUPERIOR HELPS EACH NEWCOMER TO QUICKLY FIND HIS POSITION IN THE TEAM

Figure 18 shows the how respondents answered the question when being asked if their superiors always give attention to those who seem neglected. Out of the 47 responded meaning that seven were skipped 15 people (33.33%) agreed and 11 people (24.44%) disagreed. Five individuals (11.11%) strongly agreed, and not one person (0.00%) strongly disagreed. Therefore, 14 respondents (31.11%) neither agreed nor disagreed and were neutral.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	0.00% 0	24.44% 11	31.11% 14	33.33% 15	11.11% 5	45	3.31
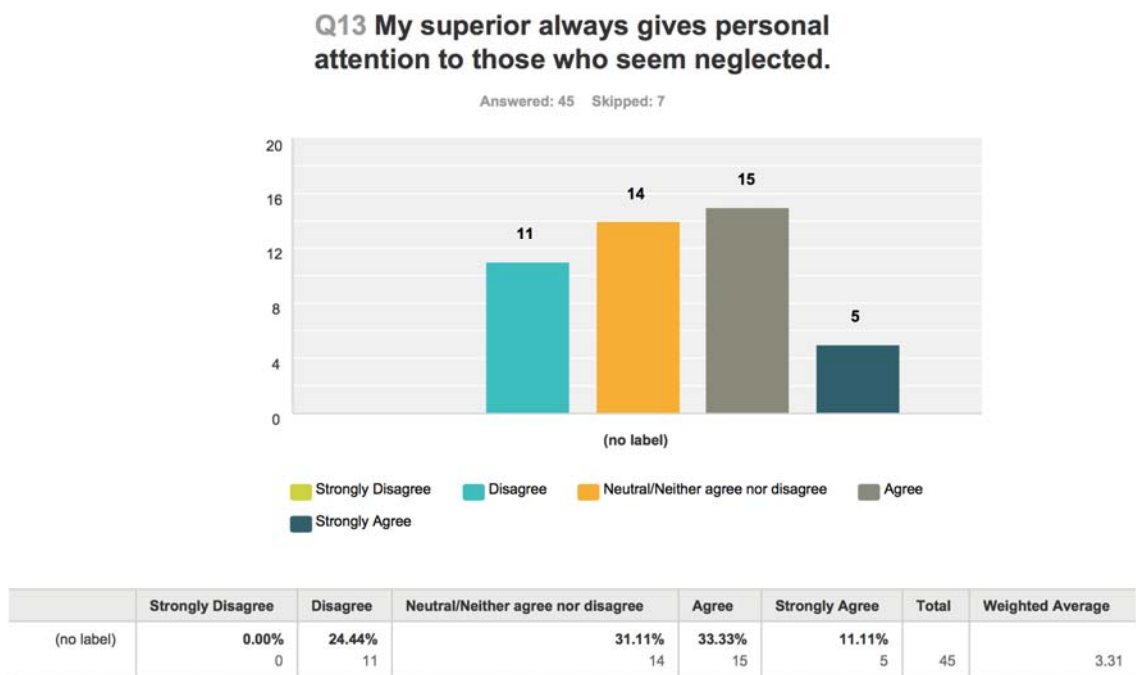
FIGURE 18. MY SUPERIOR ALWAYS GIVES PERSONAL ATTENTION TO THOSE WHO SEEM NEGLECTED

6.5.5   Contingent reward

The focus of the next two questions was on the contingent reward and is one of two factors of transactional leadership were followers get rewards for efforts done.

Question 14 as illustrated in figure 19 asked the respondents if their superiors are always clear about what they get when they do good work. Out of the 45 people answering the question and seven skipping it and 21 people (46.67%) agreed to know what they get if they perform good, and eight people (17.78%) disagreed to know what they get if work is done well. Three individuals (6.67%) strongly agreed, and one person (2.22%) strongly disagreed. 12 people (26.67%) neither agreed nor disagreed and were, therefore, neutral.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	2.22% 1	17.78% 8	26.67% 12	46.67% 21	6.67% 3	45	3.38
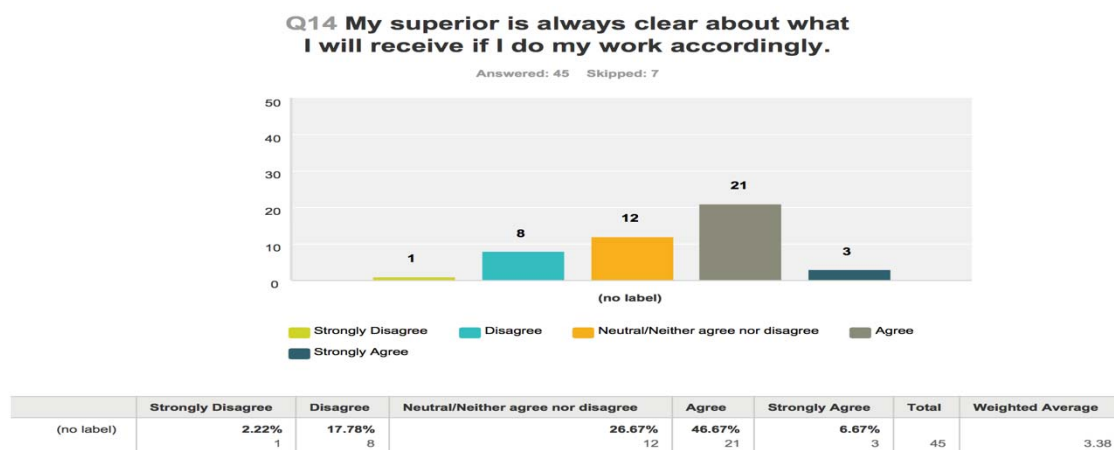
FIGURE 19. MY SUPERIOR IS ALWAYS CLEAR ABOUT WHAT I WILL RECEIVE IF I DO MY WORK ACCORDINGLY

Question 15 as seen in figure 20 underneath asked the respondents if their superiors commend them when they do good work. 45 answered this question in total, and seven skipped the question. 11 people (24.44%) agreed in being commended when doing good work and nine people (20.00%) disagreed. 13 people (28,89%) strongly agreed, and only one person (2.22%) strongly disagreed. 11 respondents (24.44%) were neutral, and neither agreed nor disagreed.
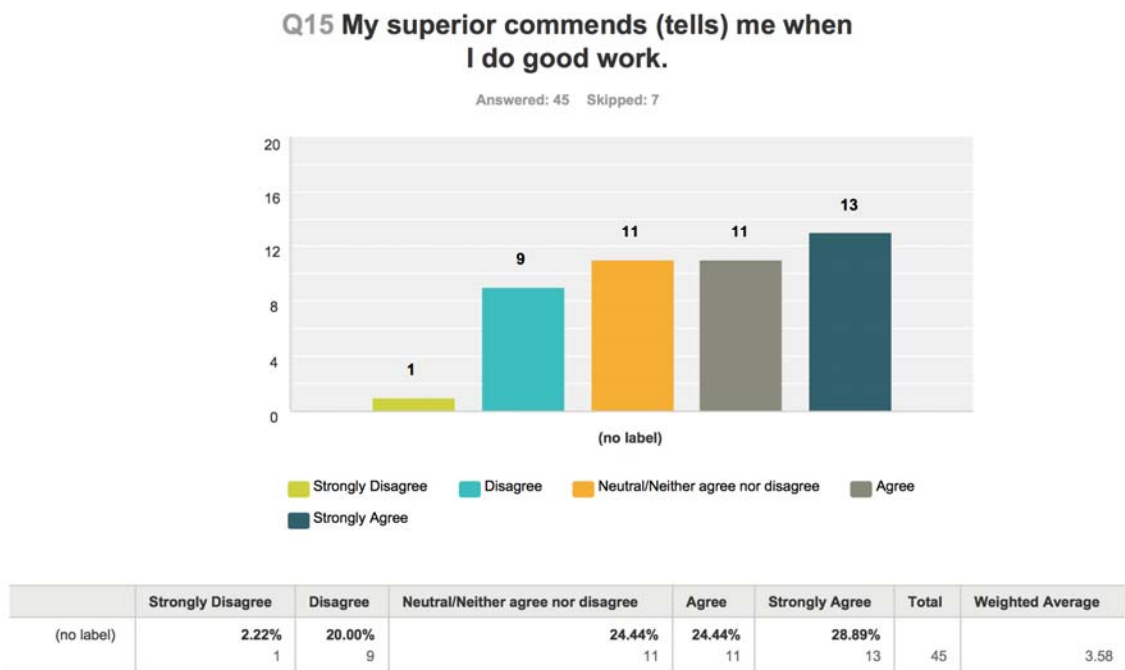
FIGURE 20. MY SUPERIOR COMMENDS ME WHEN I DO GOOD WORK

6.5.6   Management by exception active and passive

Management by exception is the second part of transactional leadership, and it contains corrective criticism and negative feedback and it has two forms (active and passive). The active form would be that a superior watches the subordinate fail and then takes corrective actions, which would e.g. question number 17 the second question of this part of the questionnaire be.

Question 16 a passive form of management by exception asked if superiors are satisfied with the performance of subordinates as long as the outcome is correct. 45 people answered the question, and seven skipped it. 27 people (60.00%) agreed and only two people (4.44%) disagreed. Ten people (22.22%) strongly agreed, and not one single respondent (0.00%) strongly disagreed. Only six people (13.33%) were neutral, and neither agreed nor disagreed as figure 21 illustrates.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	0.00%	4.44%	13.33%	60.00%	22.22%		
	0	2	6	27	10	45	4.00
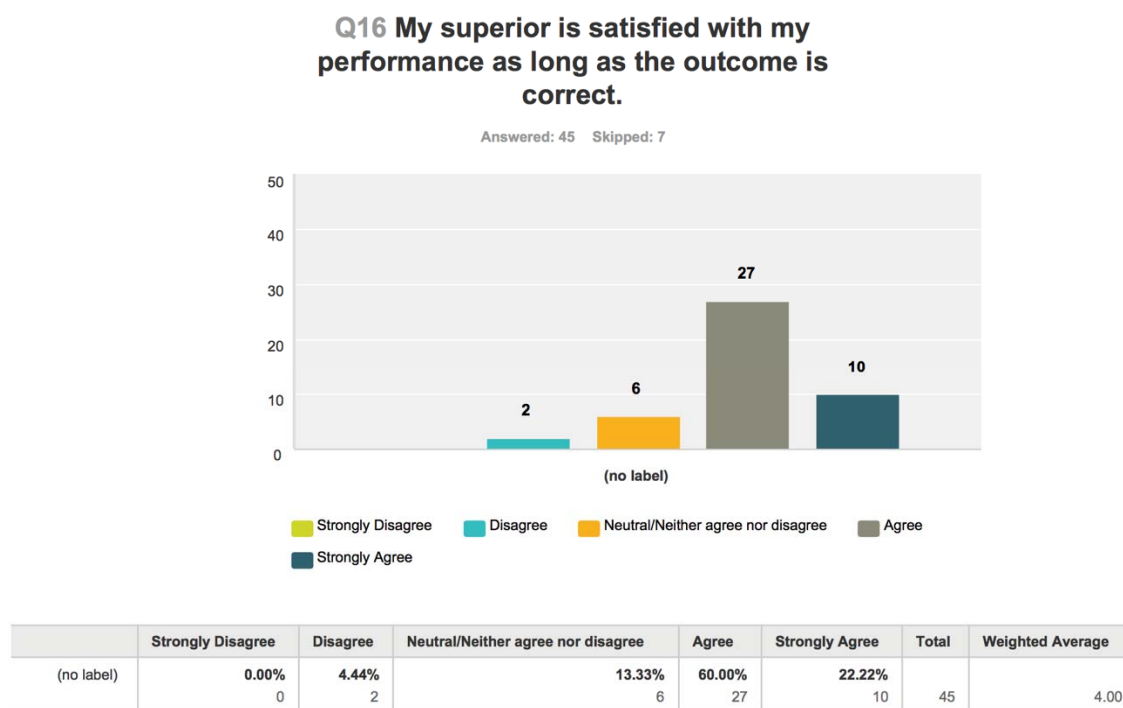
FIGURE 21. MY SUPERIOR IS SATISFIED WITH MY PERFORMANCE AS LONG AS THE OUTCOME IS CORRECT

Question 17 shown in figure 22 is an active form of management by exception and asked the respondents if their superiors only intervene when they fail to meet their objectives. In total, 45 people answered the question, and seven skipped it. 18 people (40%) out of 45 said yes and agreed whereas eight individuals (17.78%) disagreed. 2 people (4.44%) strongly agreed, and one person (2.22%) strongly disagreed. Surprisingly many respondents, 16 (35.56%) were neutral and neither agreed nor disagreed.

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	2.22%	17.78%	35.56%	40.00%	4.44%		
	1	8	16	18	2	45	3.27
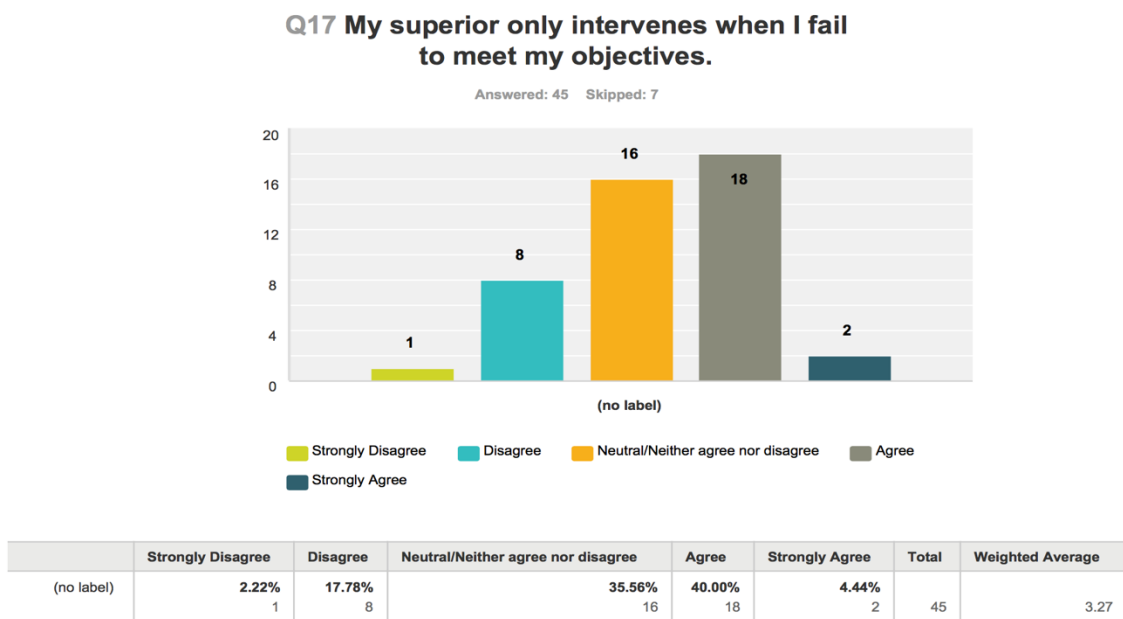
FIGURE 22. MY SUPERIOR ONLY INTERVENES WHEN I FAIL TO MEET MY OBJECTIVES

As figure 23 shows a management by exception passive question and respondents were asked if their superiors let them do their job the same way they have always done it and if they only intervene when changes are necessary. Again 47 respondents answered the question, and seven skipped it. 25 people (55.56%) agreed and six people (13.33%) disagreed. Two individuals (4.44%) strongly agreed, and not one person (0.00%) strongly disagreed. 12 respondents (26.67%) were neutral, and neither agreed nor disagreed.

Q18 My superior lets me do my job the same way as I've always done it, but if changes seem necessary he intervenes.

Answered: 45   Skipped: 7

	Strongly Disagree	Disagree	Neutral/Neither agree nor disagree	Agree	Strongly Agree	Total	Weighted Average
(no label)	0.00%	13.33%	26.67%	55.56%	4.44%		
	0	6	12	25	2	45	3.51
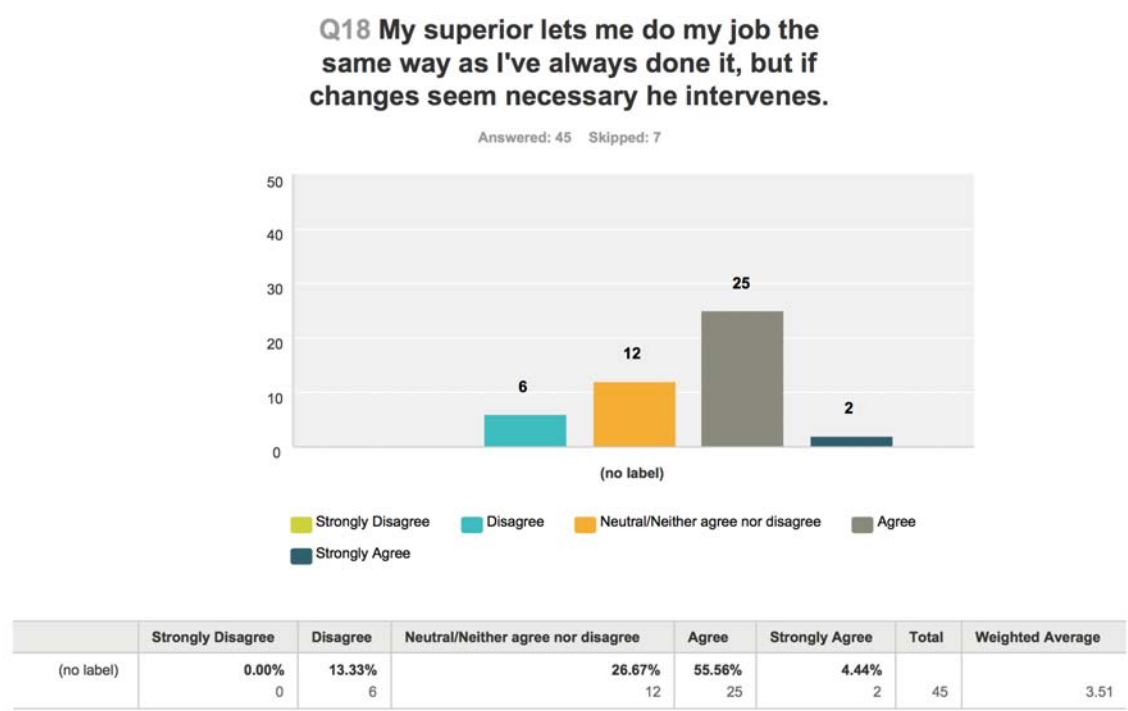
FIGURE 23. MY SUPERIOR LETS ME DO MY JOB THE SAME WAY AS I'VE ALWAYS DONE IT, BUT IF CHANGES SEEM NECESSARY HE INTERVENES

6.5.7   Age, income and gender

Talking about the age of the respondents most of them 17 (37.78%) were between 25 and 29 years and 13 (28.89%) were between 30 and 34 years. Six (13.33%) people were between 20 and 24 years old, and nine people (20%) were over the age of 35. This result leads to the conclusion that most people working in Vienna's 5-star hotel industry are under the age of 35 years and considered to be young. This is a very positive thing to see because only a broad range of young staff can lead to more efficient leadership styles such as transformational, transactional and charismatic as it is in this thesis explained, which are the most effective leadership styles to gain sustainable competitive advantage.

Answer Choices	Responses	
16-19	0.00%	0
20-24	13.33%	6
25-29	37.78%	17
30-34	28.89%	13
35-44	17.78%	8
45-54	2.22%	1
55-64	0.00%	0
65-74	0.00%	0
75 or more	0.00%	0
Total		45
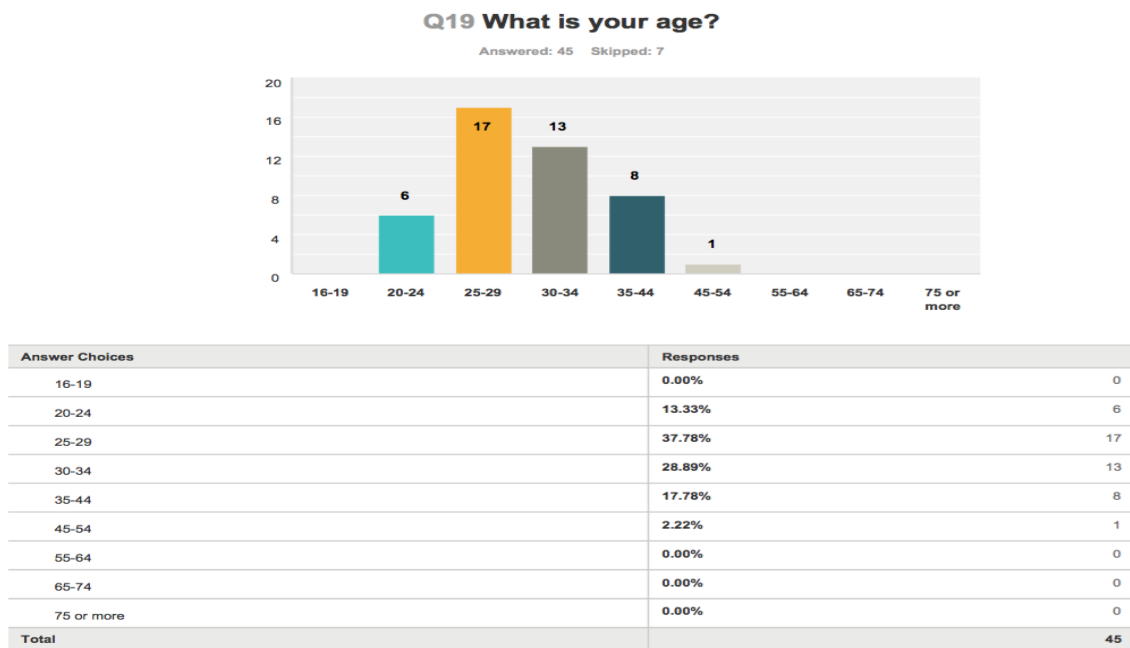
FIGURE 24. WHAT IS YOUR AGE?

The outcome of the income ranges was rather surprising because there are 12 people (27.28%) earning more than € 2.500,00, which is way above the average income in Vienna's hotel industry. However, this outcome can be explained by the fact that some general managers or high management position managers answered the questionnaire as well. Nevertheless, 34 respondents (72.72%) earn less than € 2.500,00 which is normal in Vienna 5-star hotel industry. It can indeed be said that the low-income range in the hotel branch attracts more young people than older once who can just not afford to earn less than € 2.500,00 if they have a family and therefore a certain age. Figure 25 nicely illustrates the income range the respondents have.

Q20 What is the range of your income?

Answered: 44   Skipped: 8

Answer Choices	Responses	
Less than € 1.000	4.55%	2
€ 1.000 - € 1.499	22.73%	10
€ 1.500 - € 1.999	27.27%	12
€ 2.000 - € 2.499	18.18%	8
€ 2.500 - € 2.999	4.55%	2
€ 3.000 - € 3.999	9.09%	4
€ 4.000 - € 4.999	6.82%	3
€ 5.000 or more	6.82%	3
Total		44
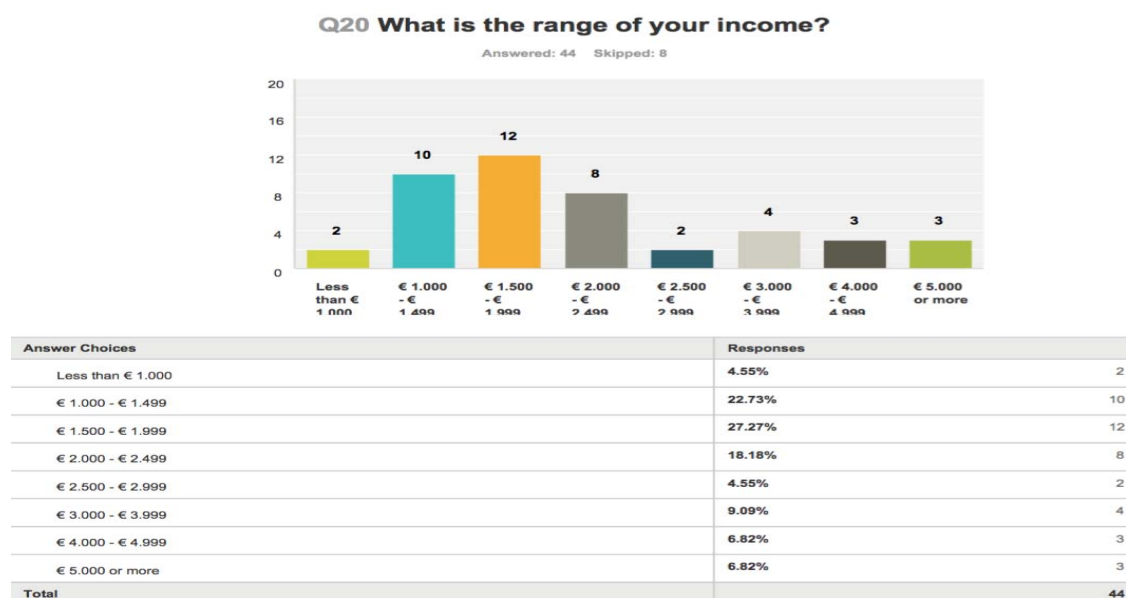
FIGURE 25. WHAT IS THE RANGE OF YOUR INCOME?

The observation of the gender as seen in figure 26 underneath that 22 people (50.00%) were female, and 22 people (50.00%) were male is a coincidence but not surprising because in Vienna's 5-star hotels it indeed is a more or less even distribution of gender. Bell boys are mostly men and cleaning stuff is usually a female dominated department, and the service personal is mixed. Therefore, this result is credible.

Q21 What is your gender?

Answered: 44   Skipped: 8

Answer Choices	Responses	
Female	50.00%	22
Male	50.00%	22
Total		44

FIGURE 26. WHAT IS YOUR GENDER?

6.6   Limitations

The results of the survey have some limitations and therefore leave room for further studies. One limitation could be the sample size of 52 respondents. Even tough the sample size is valid it might be that more respondents would lead to an even more precise result. The quest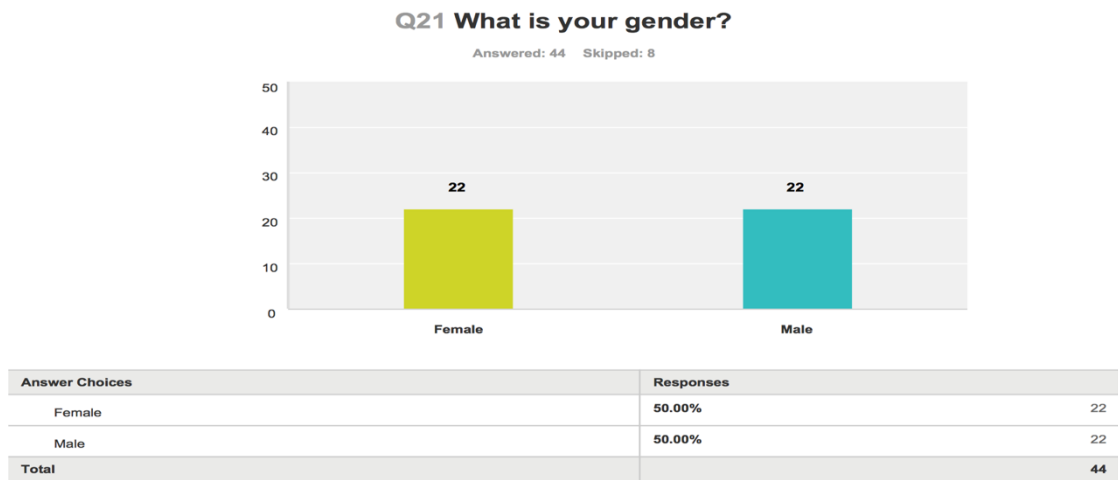ionnaire was sent out to seven hotels, but only three hotel agreed to participate. It is evident that results usually become more significant the larger the size of the sample is.

Another limitation might be the fact that it was very hard to get to the employees and make them clear that no personal data is asked and that the answers are anonymous. The fear of answering wrong, which might result in negative consequences is always present in Vienna's 5-star hotel industry, and responses are therefore maybe not always truthful.

A third limitation might be the length of the questionnaire because the respondents received it on their work email account, so the length is crucial to avoid quick senseless clicking. On the other hand, the survey cannot be too short because otherwise the result might not be sufficient. However, towards the end of the questionnaire more and more respondents skipped questions, which could be a sign that it was too long.

6.7   Results and discussion

The results of the survey were significant enough to suggest some appropriate leadership styles which could lead to sustainable competitive advantage in Vienna's 5-star hotel industry. Some limitations were shown, and they leave room for further future studies to get an even more significant result. Leadership is a very powerful tool for reaching sustainable competitive advantage. Its provides benefits for both subordinates and superiors if applied correctly. The analyzed data shows that the respondents asked mostly agreed with transformational, transactional and charismatic leadership being the most appropriate styles of successful leadership. Therefore, the author believes that the leadership styles mentioned earlier lead to a sustainable competitive advantage.

7   CONCLUSION

Vienna's hotel industry and its high service standards are worldwide known, and especially the 5-star properties have not only a long historical past but they also serve on very high and qualitative standards. The fact of Vienna being rather small in comparison to other capitals in the world makes the 5-star hotel market highly competitive. Therefore, the hotels are forced to think about new and efficient ways to gain a sustainable competitive advantage on the market. Besides the two classical ways of competitive advantage, cost leadership and differentiation as Porter (1985) explains there is another crucial way which leads to sustainable competitive advantage and indeed makes the difference in reaching a market leader position. Leadership is the most valuable resource a hotel has to reach the level of being a market leader. Through the right leadership style within the hotel, going down from top to bottom sustainable competitive advantage can be achieved. Assuming that a property has reached the highest cost leadership and differentiation on the market, it now has to have the proper leadership style to maintain its market position. There are many different leadership styles, which are not necessarily bad or good but researcher found out that transformational, transactional and charismatic leadership concepts are beside all others the most effective once when it come to sustainable competitive advantage (Howell & Avolio, 1995).

This thesis followed a two-sided approach to find the most accurate and valid data to support the findings that came up in the literature review that leadership is the most important factor in gaining sustainable competitive advantage. That above mentioned two-sided approach was to use qualitative as well as quantitative research to support the hypothesis.

The hypothesis serving as the basis for further analysis was:

-   A proper leadership style of superiors over their subordinates in a 5-star hotel property in Vienna has a higher impact on the hotel's sustainable competitive advantage than the wrong leadership style.

The qualitative research of this thesis was done by conducting two expert interviews. The interviewees were two highly appreciated gentlemen working in Vienna's 5-star hotel industry. Mr. Andreas Glück, MBA the Director of Sales & Marketing of the Hotel Sacher Vienna, representing the most luxurious hotel in the city as well as one of the oldest properties in Vienna. The second gentleman was Mr. Peter Knoll, MBA Director of the Palais Hansen Kempinski Vi-

enna, which is a 5-star luxury hotel and one of the youngest properties on the Viennese hotel market but nevertheless rated under the current top three. The interview results were surprisingly similar on one hand but looking at the success of both properties in the market and knowing the literature on the topic of leadership the similarity of the answers do not surprise at all anymore. Both interviewees stressed how important adequate leadership and the daily contact, as well as a strong relation to subordinates, is. Both were convinced that proper leadership is crucial and that continuous training and attention towards subordinates is a necessity. Mr. Gück, MBA, for instance, said that superiors have to recognize work which was done well by subordinates and reward them for what they did. When doing so Mr. Glück, MBA uses contingent reward which is the first factor of transactional leadership and as the analyzed results show it is one of the three leadership styles leading to a sustainable competitive advantage. Mr. Knoll, MBA gave a similar example when he mentioned that he commends his spa employees even when he knows that is was a rather bad day looking at the revenue but still he has to tell them that they did a great job to keep them motivated.

In contrast to the interviews were the leadership styles of the two interviewees were identified by asking them specific questions (See Appendix 1), quantitative research in the form of a multifactor leadership questionnaire was created by the author, which included questions on transformational, transactional and charismatic leadership styles. The questionnaires were sent out to the subordinates of the respective properties, and the results were significant and showed that the leaders of the hotels used one of the aforementioned leadership styles trusted to be most accurate to obtain sustainable competitive advantage.

Limitations of the analysis might have been the number of respondents, the validity of the answers due to the fear of the subordinates that their responses might be tracked by their superiors and the length of the questionnaire, which was maybe a bit too long because respondents started to skip more and more questions towards the end of the questionnaire.

Future studies could deal with even more detailed questions on only one of the three most appropriate leadership styles to obtain sustainable competitive advantage. By creating specific questionnaires on transformational, transactional and charismatic leadership and then conducting surveys it might be possible to find out which of the leadership styles is best and rank them.

In summary, it can be said that leadership, the backbone of an organization is a major source of sustainable competitive advantage. If the proper leadership styles would be used it would

be a winning situation for all parties concerned and in the end, it would help the economy to flourish because proper leadership attracts high skilled employees and high skilled employees lead to a higher guest return rate. Unfortunately, leadership is not yet understood as a primary source and not implemented by hotel owners as it should be to guarantee the desired success of sustainable competitive advantage. However, believing in the intelligence of hotel owners and their assistants the author is positive that leadership will be recognized to be the added value of 5-star hotels in the future.

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APPENDICES

On the following pages the questions which have been asked to the interviewees, the written records of the interviews as well as the questionnaire which was send out to the employees can be seen.

Appendix 1: Expert interview questions

1. Mr. Glück / Mr. Knoll, how did it happen that you work at the Hotel Sacher Vienna / Palais Hansen Kempinski and when was that?

2. What is your position in the Hotel Sacher Vienna / Palais Hansen Kempinski and for how many employees are directly or indirectly in charge?

3. Do you always communicate your expectations of high performance towards your employees and how do you do that?

4. Are you always happy to instruct or coach your employees whenever it is needed?

5. Do you only intervene when an employee fails to to meet objectives or already before in order to avoid mistakes, and what are your intentions to do so?

6. Do you commend your employees when they do good work and how important do you think that is?

Appendix 2: Expert interview records

Transcription of the Interview with Mr. Andreas Glück, MBA who is the Director of Sales & Marketing at the Hotel Sacher Vienna.

1. Mr. Glück, how did it happen that you work at the Hotel Sacher and when was that?

I was working for the Marriot Hotel Group, and I was head hunted from the Sacher Hotel in 2002 and since them, I am working at the Sacher Hotel. I started as a Sales Mangers, then Assistant Director of Sales, Director of Sales and mow I am the Director of Sales and Marketing.

2. What is your position in the Hotel Sacher and for how many employees are directly or indirectly in charge?

I am the Director of Sales and Marketing for the Hotel Sacher Wien and currently I am in charge for five employees, this one Assistant Director of Sales, two Sales Managers, one coordinator and one Sales and Marketing Assistant.

3. Do you always communicate your expectations of high performance towards your employees and how do you do that?

Yes, I do. Weekly during internal Sales meeting and this on a regular basis. Then I communicate my expectations during personal meetings, personal conversation and very important for us, we do have once a year appraisals for each employee, also for my employees about one and a half hours to two hours and a big part of this appraisals is of course also the expectations of the high performance. We do have an MBO process in the Hotel Sacher, this means Management by Objectives, so the expectations should always be in line with the hotel's targets, with the main targets but also with the small targets of the Sales and Marketing department.

4. Are you always happy to instruct or coach your employees whenever it is needed?

Yes, I think this is very important depending on the level of each employee. It could be a personal training; it could be coaching, but it could also be just delegation for a particular job but also small details day by day are very important to recognize.

5.   Do you only intervene when an employee fails to meet objectives or already before, in order to avoid mistakes, and what are your intentions to do so?

I think this a good question, it rather depends on each case and of the objective of each of each objective and sometimes it might be better to say something immediately or intervene and sometimes it might be better to do it late on. I think the most important thing is that you have to recognize it in a way and that there will be feedback given for your employees in any case.

6.   Do you commend your employees when they do good work and how important do you think that is?

This is very important, in my opinion, recognition is something which should be mandatory for leadership or if you have employees. Recognition of good work but also recognition in any cases is something which is motivating and especially for good work this is feedback, and this will help to do it again. Yeah, and finally I think recognition, positive recognition for something will also lead to the commitment of the employees.

Transcription of the Interview with Mr. Peter Knoll, MBA who is the Director of the Palais Hansen Kempinski.

1.   Mr. Knoll, how did it happen that you work at the Palais Hansen Kempinski and when was that?

I started working at the Kempinski Vienna in Septemeber 2015, which means last year, eight months from now and three months before that I didn't think even that I was going to go to Vienna. I was working almost for 20 years with Kempinski Hotels and over this time I have established my kind of reputation and due to the reputation, they asked me if I would be interested in going to Vienna. Because I was working before did not materialize with Kempinski, and they said, well would you be interested in Vienna so I came to Vienna in September 2015.

And as I said with the 20 years of history within the company, my establishment was that I can be sent to properties where they have certain difficulties, especially when they were financial difficulties and looking into how there can be a turnaround done and the turn around is basically related to what costs are there and how can they be optimized, not about cost cutting, how can they be optimized and also about management, leadership, do we have the right

people in the right place? Are they motivated in the right way and how can we manage to make a turnaround from the current position into a better position?

2.   What is your position in the Palais Hansen Kempinski and for how many employees are directly or indirectly in charge?

I am responsible for a total of about 155 people that's including all the operational team. However there is a couple of external staff, which is contracted and I am not immediately responsible for them and my position as general manager I am responsible for overseeing and orchestrating how do sometimes call it, all the team members and have and I have an executive team of seven and HOD's in total of 15 including the executive team and this I main daily contacts and obviously going through the hotel and speaking with the staff, checking what they are doing, showing appreciation is very key to my daily routines.

3.   Do you always communicate your expectations of high performance towards your employees and how do you do that?

Communication with the tea is an essential in our industry because we are a people industry. Due to that is very important that you communicate what you expect from them and the key factor is not only what you expect from them but also if they have achieved it, giving them some praise and also if they have not achieved it not really scolding them but make sure that they understand that there is room for improvement and how they can manage this improvement. So, the daily routine is being in contact with them, talking with them, making sure that they understand what you expect from them and at the end of the day giving feedback of what they have done.

4.   Are you always happy to instruct or coach your employees whenever it is needed?

I think knowing the topic, which you are reviewing is about leadership I think I a leader is somebody who has to communicate and coach people, a manager is the one who typically says: you do, and I check. With a leader you make sure that you following them, coaching them, supporting them. Go side by side with them on the journey and make sure that they have an opportunity to grow. When I was young hotelier, I also had a lady who was telling me: you do this job, and when you are done you tell me what you have done, and then I tell you what you have done and wrong. This way I was very early getting responsibility which I would never have receiving otherwise ad she was helping me to go from one level to the next and I think this is the key for successful management that you are helping the people to get to the

next level and also giving them the opportunity to get there. Which means, yes I have to coach, yes I have to give instructions and yes I have to give feedback.

5.   Do you only intervene when an employee fails to meet objectives or already before to avoid mistakes, and what are your intentions to do so?

I think just to wait for something to happen when you see it coming is the wrong approach. You have to intervene when you see something is going wrong, but at the same time, you have to give the person the opportunity to fail because you learn out of failure. So a constant stop on a workflow does not work, you have to give them the freedom to work within a boundary, within a gate, a framework where they can make mistakes, and you guide them afterwards through the trouble which they had for themselves, but you also have to be careful that you don't make the past too wide so the mistakes can become irreversible. So, therefore, yes if you see something major going to go the wrong step in, intervene but if it is something minor let them learn out of it. If you know there is no damage to your company to major clients it's a good learning curve and just make sure that they don't fall into pieces afterwards because a small mistake for me as a manager could be a massive one for them because they could be afraid of what they have done wrong and they don't know the consequences and the impact of the mistake.

6.   Do you commend your employees when they do good work and how important do you think that is?

 I think everybody who has been a child, which I think was everybody anyway knows how good it is if you get praise. This is the same with a company if you have employees who are doing a great effort you have to praise them for the efforts done. It has a major impact. I get on a daily basis message from the night shift, from the evening shift from the spa saying how much revenue they have done and if know it was a difficult day, and I know they have managed to do exceptionally well, if I send them and immediate reply to the message saying: well done, I know it was a difficult day you did a fantastic job, congratulations to the great result. The next day they come in and say thank you very much. So you can see it is highly appreciated if this has been done and the feedback to the team, positive and negative, negative has to be constructive so they can learn and positive has to be motivating. If you that well, the team starts emerging and developing themselves.

Appendix 3: Questionnaire

Dear participant,

I herewith want to thank you for participating in my survey. Your feedback is very important to me and I would be very grateful if you would support my work.

My name is, Alexander Fuchs, and with your help I will soon obtain my MBA degree from Modul Private University.

My thesis topic is: "Leadership as a Competitive Advantage in Vienna`s 5-Star Hotel Industry".

Your answers will be treated confidentially. You do not have to tell your name, neither where you work nor anything else that is private about your person.

Thank you very much in advance,

Alexander Fuchs

1. I trust my superior completely.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

2. My superior always gives me the impression to feel good when I'm around him/her.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

3. I have a very high opinion of my superior.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

4. My superior always clearly communicates the mission, which has to be done to me.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

5. My superior has a vision that motivates me.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

6. My superior always communicates his expectations of high performance to me.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

7. My superior is eager to show me problems from a different perspective in order to solve them quickly and efficiently.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

8. My superior provides me with reasons that make me change the way I think about problems.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

9. My superior emphasizes the use of intelligence to overcome obstacles.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

10. My superior provides advice to me when he feels that I need it.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

11. My superior is happy to instruct or coach me whenever I need it.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

12. My superior helps each newcomer to quickly find his position in the team.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

13. My superior always gives personal attention to those who seem neglected.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

14. My superior is always clear about what I will receive if I do my work accordingly.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

15. My superior commends me when I do good work.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

16. My superior is satisfied with my performance as long as the outcome is correct.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

17. My superior lets me do my job the same way as I've always done it, but if changes seem necessary he intervenes.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

18. My superior only intervenes when I fail to meet my objectives.

Strongly Disagree / Disagree / Neutral/Neither agree nor disagree / Agree / Strongly Agree

19. What is your age?

    16 - 19

    20 - 24

    25 - 29

    30 - 34

    35 - 44

    45 - 54

    55 - 64

65 - 74

75 or more

20. What is the range of your income?

Less than € 1.000

€ 1.000 - € 1.499

€ 1,500 - € 1,999

€ 2.000 - € 2.499

€ 2.500 - € 2.999

€ 3.000 - € 3.999

€ 4.000 - € 4.999

€ 5.000 or more

21. What is your gender?

Female

Male