



## The Results of a Service Innovation Value and Creative Leadership Innovation Team on The Hospitality Industry's Performance in China

Tao Ma, and Chayanon Kerdpitak

Program in Management Innovation, The Graduate School, Suan Sunandha Rajabhat

Suan Sunandha Rajabhat University, Thailand,

Email: [chayanon.ke@ssru.ac.th](mailto:chayanon.ke@ssru.ac.th)

---

Received March 15, 2024 Revise August 13, 2024 Accepted August 31, 2024

### Abstract

This research investigates the impact of service innovation, creative leadership, and innovation teams on the operational effectiveness of the Chinese hospitality sector. The investigation employs a mixed-methods approach, incorporating both quantitative and qualitative methods. The study analyzes the top 10 best Sichuan 5-star hotels in the city using probability theory and basic random sampling from a lottery technique. A survey was conducted among 400 individuals in five hotels located in Chengdu, China, with a specific emphasis on the ten finest five-star hotels in Sichuan. The research explores the impact of creative leadership, innovation teams, and service innovation on the performance of the Chinese hospitality industry. The study emphasizes the importance of creative thinking, problem-solving, communication, task understanding, collaboration, and team values. In the digital age, hotels can connect with local attractions, offer creative service ideas, and provide affordable transportation. The study investigates the impact of creative leadership, innovation teams, and service innovation on the performance of the Chinese hospitality industry. It reveals that creative leadership encourages innovation, feedback, and detail, while innovation teams and service innovation have a positive influence on performance. The research also shows that Creative leadership significantly affects service innovation (SI) and information technology (IT), with a path coefficient of 0.523 and a C.R. value of 5.208. To innovate services and succeed in a competitive market, it advises prioritising creative leadership and IT. The study found that creative leadership, innovation teams, and service innovation positively impact performance in China's hospitality industry, with service innovation mediating the relationship between these factors. This suggests that fostering a culture of creativity and innovation within leadership and teams can lead to improved performance in the hospitality sector. Implementing service innovation strategies may be a key driver in realising these benefits and gaining a competitive edge in the market.

**Keywords:** Creative Leadership, Innovation Team, Service Innovation value, Performance of Hospitality Industry



## Introductions

China's hospitality industry suffered 1,867 hotel closures between February and March 2020 due to COVID-19. Nonetheless, occupancy rates rose from 45.5% to 61.9%. Workload, stress, company culture, and job satisfaction affect employee productivity, so managers must address them (Bartik et al., 2020). Fair compensation, clear communication, financial incentives, and a culture of appreciation boost productivity and customer service. Employee training and development boosts job performance, satisfaction, and retention. Political stability, economic growth, and a large population base are expected to drive the USD 64.8 billion China hospitality market to grow at over 7% (Hongye, W. 2020; Naumann, S. 2019; Rivera, M.A., 2020; Pillai, SG, et al., 2021) Industry diversity and competition spur service innovation and customer satisfaction. Teamwork boosts morale and performance, creating and sustaining learning organizations. Teams need training, development, and time for experimentation and ideation from their organizations to innovate. COVID-19 has affected the hospitality industry, with some workers needing to act immediately and others continuing. Managers must consider internal and external performance factors. This research will fill a major academic gap (Gossling et al., 2020). Employee performance variables are crucial, according to Gossling et al. (2020). Due to limited academic knowledge on work performance factors, managers need Gossling et al.'s 2020 study to create a positive work environment. Chengdu City's diverse hospitality industry requires motivation and teamwork, according to this study. Working with top hotel executives reveals strategies for success.

The Chinese hospitality industry struggles to understand consumer behaviour and develop marketing strategies. People, training, and customer satisfaction are managed by HR, administration, and innovation. An innovation team and good communication are essential for workplace harmony (Yang, I., and Kelly, A., 2016; Popa, S., Soto-Acosta, P., and Martinez-Conesa, I., 2017; Brito, B., 2020). Chinese hospitality teamwork, motivation, and performance are examined in this study. It appears motivated workers succeed more. Managers should consider internal and external factors to boost performance and success. Chengdu City, a major economic centre, was chosen for this study due to its strategic location and advanced transportation infrastructure. Research, employee training, technology, and sustainability can help hotels compete in China. This study aims to provide insights into the factors that contribute to the success of Chinese hospitality teamwork and performance. By understanding the importance of motivation and considering various internal and external factors, managers can enhance performance and success in the industry. Additionally, focusing on research, employee training, technology, and sustainability can help hotels in Chengdu City stay competitive in the dynamic Chinese market.

An innovative team involves creative and critical thinking, empathy, curiosity, problem-solving, and collaboration. It promotes achievement, recognition, and growth. Performance is crucial for effective work, including customer service quality, employee performance, setting goals, managing expectations, and monitoring performance. Service innovation aligns with an organization's mission, vision, values, and goals, retaining customers and attracting new ones.



Creative leadership empowers teams to produce strategic, creative, and critical thinking, problem-solving, and inventive ideas with confidence. It creates an environment where employees can develop and become more productive by providing proper conditions and resources.

Research on employee abilities can help hotels understand their issues and develop effective strategies for training, guiding, and managing employees. Investing in research, team innovation, and creative leadership can position hotels for success in China's competitive business landscape. Managers can boost morale, productivity, and job satisfaction by fostering a positive work culture, open communication, and feedback systems. The research explores the link between teamwork, employee motivation, and work performance in the Chinese hospitality industry. It suggests that managers should invest in research, employee training, technology, and sustainability to enhance performance, thereby achieving long-term success.

## Research Objectives

- 1) To explore the current situation of creative leadership, innovation team, service innovation on performance of hospitality industry in China.
- 2) To examine the influence of the impact of creative leadership, innovation team, service innovation on performance of hospitality industry in China.
- 3) To analyze the mediation of service innovation on creative leadership, innovation team and performance of hospitality industry in China.

## Research Hypothesis

H1: Creative leadership has a positive relationship on performance in hospitality industry of China.

H2: Innovation team has a significant positive influence on performance in hospitality industry of China.

H3: Service innovation has a significant positive influence on performance in hospitality industry of China.

H4: Service innovation plays a mediating role in the influence of creative leadership and performance in hospitality industry of China.

H5: Service innovation plays a mediating role in the influence of innovation team and performance in hospitality industry of China.

This research will explore creative leadership, innovation teams, service innovation, performance, and the hospitality industry in China's Sichuan province. A literature review will provide an overview of existing studies on these topics, establishing a foundation for the research framework and hypotheses.



## Literature review

### Concept of Creative Leadership, Innovation Team, Service Innovation Value and Performance

Leadership theories provide a framework for understanding and improving leadership effectiveness in various contexts. Key qualities for effective leadership include strong ethics, high moral standards, self-organizational abilities, excellent communication skills, efficiency, promotion of employee growth, and connection and belonging. Companies invest time and energy into developing their employees' leadership potential to improve their competitiveness and overall performance. Research-based conclusions from technical literature highlight the importance of diverse experience in leader development, with practical intelligence focusing on the growth of leaders' competence levels. In today's complex and unpredictable environment, leadership abilities are crucial for companies to succeed. Executive development programs should focus on relational, technological, and communication skills. Creative leadership is essential for empowering teams to produce strategic and inventive ideas with confidence. It involves creating an environment where employees can develop, create, and become more productive. Creative leaders prioritize fostering a culture of innovation and experimentation, encouraging employees to think outside the box and take calculated risks (Moldoveanu M.& Narayandas,D.(2019).Creative leadership is essential for teambuilding, fostering a productive environment, promoting diversity, and fostering team synergy. It can also attract top talent to the organization, as individuals are drawn to environments that value creativity and forward-thinking. (Nabil, H. et al.(2017).

Creative leadership is crucial for empowering teams to produce strategic ideas and foster a culture of innovation. It involves creating an environment where employees can develop, create, and become more productive. Tuckman's Teamwork Theory is a key concept for creating effective teams, focusing on four stages: forming, rampaging, norming, performing, and disbanding. Service innovation is a crucial aspect of modern business, and successful companies can differentiate themselves by understanding the role of service in their operations. Service innovation is crucial for modern businesses, focusing on economic, environmental, and social sustainability. Four approaches include new, core, service delivery, and supplementary, enhancing efficiency, customer satisfaction, and customer relationships. In conclusion, creative leadership affects employee performance in five areas: creativity, innovation, and management innovation. Leaders should study their subject within organisational dynamics and play various roles at different stages of their life cycle to foster a favourable work environment dedicated to continuous improvement.

Research on organizational performance highlights the importance of team synergy, diverse employee recruitment, and effective performance management. It also highlights the role of external market conditions, technological advancements, and leadership style in influencing performance. Effective leadership positively influences employee performance, motivation, and productivity. Understanding SMEs' performance is crucial for improving competitiveness, sustainability, and growth. Teamwork, employee motivation, and innovative leadership can improve work performance. Service innovation is a crucial aspect of modern business, with four



ways to approach it: new service innovation, core service innovation, service delivery innovation, and supplementary service innovation. Emerging service trends, such as mobile internet, digital payments, and smart devices, have altered service delivery and customer expectations (Martins, J. et al. 2022; Bennett, M. 2021; Diamantidis A. D. & Chatzoglou P. (2018)

Performance is a measure of success and how much an employee does their job. An individual's overall success in carrying out activities determines performance management, which improves a company's performance. Individual skills, abilities, and traits affect performance and an organization's success (Geier, M.T. 2016). Performance management also includes setting goals, giving feedback, and supporting employees to reach their potential. Organisations can boost productivity, employee engagement, and strategic goals by managing performance. A respectful and accountable company culture is essential to preventing workplace abuse. This requires setting clear behavior norms, holding people accountable, and providing reporting channels. Not just rules and regulations, good discipline instills duty and ownership in employees (Al Mehrzi & Singh (2016). Organizations can create a safe space for employees to discuss issues by promoting open communication and transparency. This prevents workplace abuse and fosters a respectful and valued workplace.

Strategic planning, talent management, performance management, process improvement, and communication help companies achieve goals. Leadership style, work motivation, and work discipline also affect employee performance. Strong leadership can motivate and maximise employee productivity, while good work discipline promotes company standards. To improve employee performance, companies must develop strong leadership and a work-discipline culture. Prioritising these factors can create a productive, successful workplace. A culture of work motivation can also boost employee engagement and commitment. This can boost company performance and job satisfaction. Management of human resources, work discipline, commitment, and initiative affect employee performance. Maintaining employee loyalty and quality requires work discipline, while long-term performance requires commitment. Initiatives help companies anticipate market changes and create a dynamic workplace. In order to hire qualified workers and manage talent and diversity, HR management is crucial. Through work discipline, incentives can boost employee performance, but indirect influence works better (Badawai, S.A., & Treshia, Y. 2018; Banks et al., 2016). Creating an environment of continuous learning and development can also boost employee loyalty and quality. Training and development programmes enable employees to reach their full potential and remain engaged. Leadership, motivation, and work discipline affect employee performance. Managers should create a positive workplace and provide resources to boost job performance and company success. Addressing these issues helps companies adapt to market changes and succeed long-term. Investing in employee training and development can boost performance and job satisfaction. Any successful company must manage worker efficiency holistically.

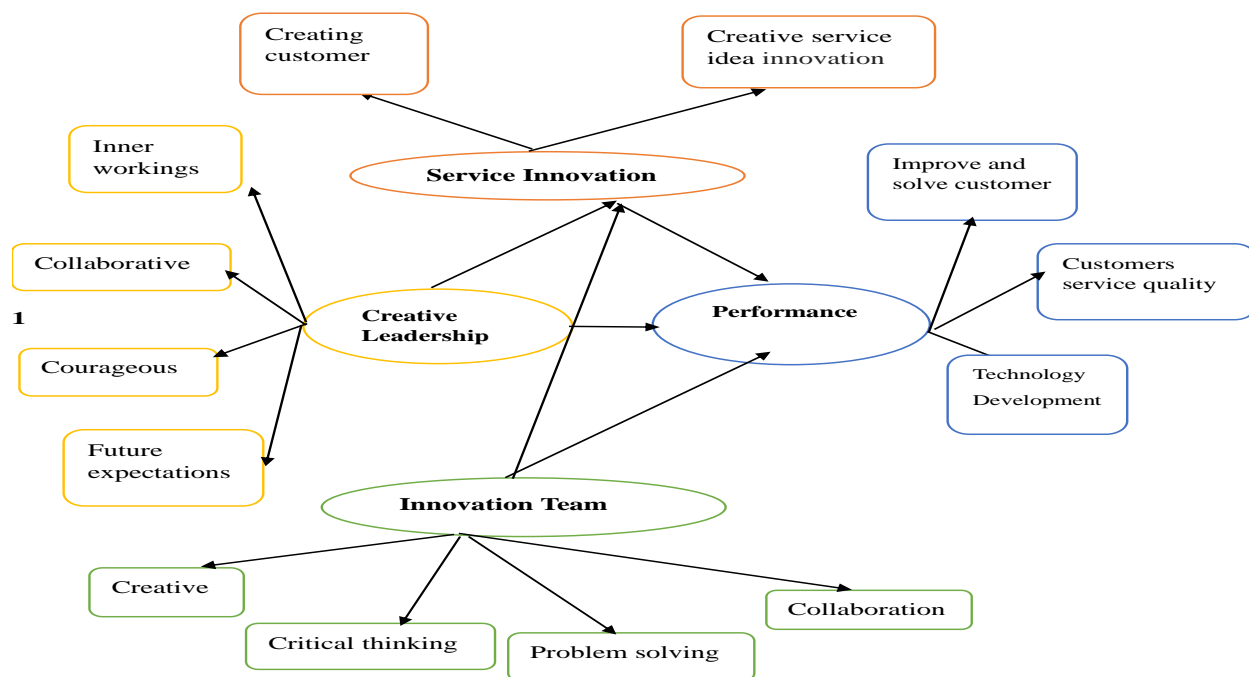
Leadership theories emphasize key qualities for effective leadership, including strong ethics, moral standards, communication skills, efficiency, and employee growth. Companies invest





in developing leadership potential, fostering creative leadership, and service innovation. Effective leadership positively influences employee performance, motivation, and productivity. Leadership theories also stress the importance of adaptability, strategic thinking, and the ability to inspire and motivate others. By cultivating these qualities in their leaders, organizations can create a positive work culture and drive overall success.

This research examines the effects of innovation teams, creative leadership, the value of service innovation, and work performance within the context of the Chinese hospitality industry. The hypothesis contends that innovative teams have a significant impact on performance, creative leadership has a positive effect on performance, and service value has a significant impact on performance. Additionally, the impact of performance on technological advancement and customer service quality is investigated. It highlights the importance of maintaining a harmonious equilibrium between innovation and business operations, thereby cultivating a conducive atmosphere that promotes collaboration and optimal performance.



**Figure 1** Conceptual Framework

## Research Methodology

This study explores the impact of creative leadership, innovation teams, and service value on the Chinese hospitality industry's performance. The hypothesis is that creative leadership positively influences performance, innovation teams significantly impact it, and service value mediates the relationship. A mixed research technique was used, including structural equation



modeling and content analysis. A preliminary questionnaire was developed, and interviews were conducted to assess participants' understanding. The survey was delivered via the internet for efficient data collection.

### **Population and Sample**

Chengdu, the capital of the Sichuan province in western China, is a significant economic and tourist destination with ten well-known lodging-type hospitality businesses. These businesses cater to a diverse range of travelers, from luxury seekers to budget-conscious tourists. The study analyzes the top 10 best Sichuan 5-star hotels in the city using probability theory and basic random sampling from a lottery technique. The Corcan formula was used to select employees in the hotels, and the study used the W.G. Cochran formula to calculate the sample size. The sample size was determined to be 384 employees, with 400 employees selected to account for potential incomplete responses or missing data. The data collected from the questionnaire will be used to identify trends and patterns in the five hotels, which can inform future marketing strategies and business development.

### **Research Tools**

A questionnaire was developed to examine the impact of creative leadership, innovation teams, and service value on the Chinese hospitality industry's performance. A pilot study was conducted to test the questionnaire's effectiveness and reliability. The study found that creative leadership, innovation teams, and service value significantly influence the industry's performance. The questionnaire's reliability was assessed through external experts. The study evaluates the reliability of a scale for hotel management, focusing on creative leadership, innovation teams, and service innovation. It examines the impact of these factors on performance in China's hospitality industry, focusing on ten popular Sichuan-based businesses and using in-depth interviews to analyze challenges and strategies.

### **Data Collection and Data Analysis**

This study examines China's hospitality industry's creative leadership, innovation teams, and service innovation using a quantitative questionnaire. Data was collected from 400 questionnaires and analyzed using statistical tools like mean, median, standard deviation, paired t-tests, and SEM. The research aims to identify trends and patterns in five hotels, inform future marketing strategies, and enhance the validity and reliability of findings. The study emphasizes the importance of mixed-methods research, which combines qualitative and quantitative approaches for more robust conclusions.

### **Research Results**

The study investigates the impact of creative leadership, innovation teams, and service value on the Chinese hospitality industry's performance. The research, conducted using mixed methods and a questionnaire, surveyed over 3,000 people in five hotels in Chengdu, China. The majority of staff is male, with 62.5% having a bachelor's degree and 37.5% having a master's



degree. The study emphasizes the need for organizations to address gender imbalances and promote diversity in staff roles. The research found that creative leadership is crucial for hotel development, as leaders with courage value creativity, feedback, and detail. They can motivate employees for the company and inspire them to innovate and succeed. Creative leadership, innovation teams, and service innovation are subjective performance elements in Chinese hospitality. Higher CL values affect outcomes more than IT, while lower values affect them less.

The study also examined the influence of creative leadership, innovation teams, and service innovation on performance in the Chinese hospitality industry. The research highlighted the positive impact of creative leadership on performance, encouraging innovation, feedback, and detail. The study also found that service innovation in China's hospitality industry boosts performance, competitiveness, and customer satisfaction. It mediates creative leadership and innovation teams, attracting a larger customer base and enhancing the performance of innovation teams.

The study confirms that creative leadership significantly influences service innovation (SI) and information technology (IT), with a path coefficient of 0.523 and a C.R. value of 5.208. It suggests that organisations should prioritise developing creative leadership and investing in IT to drive service innovation and position themselves for success in a competitive market.

The study validated four hypotheses: H1: Creative leadership has a positive relationship on performance in China's hospitality industry; H2: Innovation teams have a significant positive influence on performance; H3: Service innovation has a significant positive influence on performance; H4: Service innovation plays a mediating role in the influence of creative leadership and performance; and H5: Service innovation plays a mediating role in the influence of innovation teams and performance in China's hospitality industry.

The study found a correlation between various issues, particularly the influence of independent and dependent variables and the impact of intermediate variables, based on the consistency of quantitative and qualitative research results. The Chinese hospitality sector is influenced by innovation teams, creative leadership, and service innovation. Creative leadership fosters high standards of customer service, innovation, and team development. Innovation teams prioritize accessibility, product quality, and infrastructure. Service innovation facilitates customer engagement and tackles economic challenges. A collaborative and diverse culture is critical for fostering innovation and optimal performance. Increased guest loyalty and satisfaction can be achieved through sponsorship of local attractions, employee participation, and novel services. Fostering a culture of creativity and collaboration helps organizations stay ahead of competition and meet evolving customer needs, enhancing customer satisfaction and driving long-term market success.

## Discussion

The study reveals that creative leadership positively impacts the Chinese hospitality industry's performance. Innovation teams, creative leadership, and service innovation shape the sector. Creative leadership promotes high customer service standards, innovation teams prioritize accessibility, and service innovation enhances engagement. Chinese leaders prioritize power, strategic thinking, team growth, emotional intelligence, and digital innovation to stay competitive and meet guest needs. Creative leadership, innovation teams, and service innovation all have an impact on how well the Chinese hospitality industry performs. Courageous leaders value





creativity, feedback, and detail in motivating colleagues. In the digital age, hotels can connect with local attractions, offer creative service ideas, and provide affordable transportation. Prioritising customer service and embracing technology development can help stay competitive. In addition, the Chinese hospitality industry can also benefit from fostering a culture of continuous learning and adaptability. By encouraging employees to constantly update their skills and knowledge, hotels can stay ahead of evolving customer expectations and industry trends. Furthermore, investing in sustainable practices and eco-friendly initiatives can not only attract environmentally conscious travellers but also contribute to the overall success and reputation of the industry. The findings of this research are consistent with the findings of Utin Hermina N.& Yosepha S.Y. (2019) studied employee performance at PT. Trakindo Utama Pontianak, focusing on leadership, motivation, and work discipline.

The study suggests that leadership style, motivation, and discipline significantly impact employee performance. It recommends adopting a transformative leadership style to create a positive work environment. Implementing sustainable practices, staying updated with technological advancements, and focusing on innovation can help hotels stay competitive, attract environmentally conscious travelers, and build customer loyalty. The study explores the influence of creative leadership, innovation teams, and service innovation on the Chinese hospitality industry's performance, revealing that creative leadership enhances customer satisfaction.

The study suggests that creative leadership and innovation teams enhance performance in the hospitality industry, with service innovation acting as a mediator. This study is consistent with the findings of Hamadi Nabil, Abderraouf, G. & Nadira R. (2017) explores the role of leadership in influencing creativity and innovation management in organizations. Strong internal management, motivation, and professional development are essential for fostering creativity and innovation within organizations, promoting flexible structures, a culture of change, and innovative leaders. Creative leadership in hotel development fosters guest engagement and considers guest competencies. Prioritizing product quality, accessibility, infrastructure, talent, and network enhances customer satisfaction. Technology advancements, sustainable practices, and employee talents can improve performance and market growth.

## Research suggestions

1. According to research findings, creative leadership and innovation teams are crucial for fostering innovation and growth in organisations, especially in the hospitality industry. Understanding team dynamics and investing in training programmes are crucial for developing individuals with innovative and adaptable skills. Furthermore, the study emphasises the importance of effective communication and collaboration within these teams, which are critical for developing and implementing innovative ideas. It also suggests that organisations create a supportive and inclusive work environment that encourages risk-taking and experimentation in order to foster an innovative culture.



2. Research results found that the study's findings on employee talents can help develop productivity-enhancing characteristics. This study helps the Chinese hospitality industry understand current challenges and motivate employees for optimal performance. It helps mid-level managers understand challenges in management departments and develop skills in training, mentoring, creative leadership, teamwork, and providing value to customers. Furthermore, the study can help identify areas where employees may require additional assistance or resources to increase their productivity. Hotels can foster innovation and high performance by emphasising the development of characteristics such as creative leadership, teamwork, and service value. This ultimately leads to higher customer satisfaction and a competitive advantage in China's hospitality industry.

3) Research can help hospitality businesses stay competitive by identifying emerging market trends and opportunities. To succeed in China's competitive business environment, hotels must conduct thorough research. Research can provide valuable insights into the unique challenges that hotels face in China's competitive business environment. Understanding these challenges enables hotels to develop effective strategies for overcoming them and staying ahead of the competition. Furthermore, research can help identify emerging market trends and opportunities, allowing hotels to tailor their offerings and services to changing customer demands. As a result, conducting research is critical for any hotel seeking to succeed in China's competitive business environment.

## Reference

- Al Mehrzi, N.& Singh, S.K. (2016), "Competing through employee engagement: a proposed framework", *International Journal of Productivity and Performance Management*. 65(6)831-843. <https://doi.org/10.1108/IJPPM-02-2016-0037>
- Badawai, S.A.,& Treshia, Y. (2018), Pengaruh motivasi kerja, disiplinkerja dan kompensasi terhadap kinerja karyawan (Studi kasus diperusahaan PT IE). *Jurnal Ilmiah Manajemen and Bisnis*, 2(1), 53-70.
- Banks, G.C., et al (2016), A meta-analytic review of authentic and transformational leadership: A testfor redundancy. *Leadership Quarterly*, 27(4), 634-652 (1) (PDF) *The Model of Employee Performance*. Available from:[https://www.researchgate.net/publication/332793540\\_The\\_Model\\_of\\_Employee\\_Performance](https://www.researchgate.net/publication/332793540_The_Model_of_Employee_Performance) [accessed Mar 04 2024].
- Bartik, AW , et al. (2020) How Are Small Businesses Adjusting to COVID-19? Early Evidence from a Survey. 0898–2937. Cambridge, USA: National Bureau of Economic Research.
- Bennett, M.(2021) , 5 Team Synergy Secrets Every People Leader Should Know. Niagara Institute, on Oct 26, 2021)
- Diamantidis A. D. & Chatzoglou P. (2018) study in factors affecting employee performance: an



- empirical approach *International Journal of Productivity and Performance Management* · December 2018.
- Gossling et al. (2020). Pandemics, tourism and global change: a rapid assessment of COVID-19. *Journal of Sustainable Tourism*, 29(1)
- Geier, M.T. (2016), Leadership in extreme contexts: Transformational leadership, performance beyond expectations? *Journal of Leadership and Organizational Studies*, 23(3), 234-247.
- Herminal, U N, & Yosepha, S Y. (2019) The Model of Employee Performance International Review of Management and Marketing 9(3):69-73
- Hongye W.(2020). The impact of novel coronavirus pneumonia on Chinese hospitality industry and its enlightenment. *Journal of Heilongjiang Institute of Technology: comprehensive edition*, 20 (5)
- Martins, J.et al. (2022). Effect of Dilute Acid Pretreatment on the Sugarcane Leaf for Fermentable Sugars Production, *Sugar Tech* 24(1)DOI:10.1007/s12355-021-01106-y
- Moldoveanu M.& Narayandas,D.(2019). The Future of Leadership Development, *Harvard Business Review*, March-April 2019)
- Nabil, H. et al.(2017), The Influence of Leadership on Creativity and Innovation (PDF). *International Journal of Humanities and Social Science Invention*. 6(6).
- Naumann S.(2019), *Sichuan Province Travel Guide*, Trip Savvy Update on 11/20/19).
- Pillai, SG, et al. (2021) COVID-19 and hospitality 5.0: redefining hospitality operations. *International Journal of Hospitality Management* 94: 102869.
- Rivera, M.A. (2020). Hitting the reset button for hospitality research in times of crisis: Covid-19 and beyond. *International Journal of Hospitality Management*. 87, 102528. Available from: <https://doi.org/10.1016/j.ijhm.2020.102528>.