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Research paper

Identifying blue ocean leadership items

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Abstract

The purposes of this paper are to identify the reliability and validity of the blue ocean leadership items. Blue ocean leadership (BOL) focuses on what leaders need to do, not on who they need to be, which is far easier to change and has a direct impact on performance. Stratified sampling is use to select the sample. Data is collected using survey method. Total of 500 questionnaire are distributed to middle to top level manager from the Government Link Companies (GLCs) and Multinational Companies (MNCs). Two type of analysis are used in this study in order to analyze the data which is exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). Base from the analysis, 63 items could be used to measure BOL variable. These findings contribute to new knowledge in leadership study.

Keywords: *blue ocean leadership, leadership, GLCs, MNCs, EFA, CFA.*

1. Introduction

The complexity of the business world is growing due to organizational structure (Taylor, 2003), turbulent environments (Eisenhardt, 1989), changing governance systems (Kakabadse & Kakabadse, 2007), and resources (Bulmer & Solomos, 2004) which has put focus on organizational leadership (Higgs, 2009; Menz, 2012). The role of leaders in organizations has shifted and the success of any organization depends on the leadership styles applied by the leaders in current business environment (Saleem, 2015). Over the last twenty years, researchers has been focusing on a leadership styles develop by Bass and Avolio (1997), and now there is a new leadership styles which is known as blue ocean leadership. It follows a systematic process built on analytical tools that is driven by respected senior managers that is according to three principles of fair process which include engagement, explanation and expectation clarity (Kim & Mauborgne, 2014).
Malaysian government has disclosed its Vision 2020 in the early 1990s to steer the country towards accomplishing the status of a developed country by the year 2020 (New Straits Times, 2015). In order for Malaysia to be able to produce a knowledgeable, productive, proactive and multi-skilled generation by 2020 to be achieved, applying a blue ocean leadership styles is seen as a method that is extremely relevant to the process of preparing future leader. Thus the objective of this paper is to identify the blue ocean leadership factors, which could contribute towards the body of knowledge in the field of leadership.

2. Literature review

2.1. Leadership

Every leader in an organization performs certain roles for the smooth running of the organization and improvement of organisational performance. The manner the leader performs these roles and directs the affairs of the organisation is referred to as his or her leadership style (Tandoh, 2011). Leadership style is also an approach of providing direction, implementing plans, and motivating people (Northouse, 2015).
A leadership style is a part of the overall leadership concept and indicates the manner or process of social influence which a leader can lead and enlist the support of subordinates to accomplish a task (Chan, Ng, & Jee, 2012). The leadership literature considers two styles of leadership: transformational and transactional (Ismail, Mohamad, Mohamed, Rafiuddin, & Zhen, 2010). In order to motivate the employees, the transformational uses intangible rewards like personal growth, self-esteem, and professional values, while the transactional leader uses tangible rewards (Keskes, 2014).

2.2. Blue ocean leadership (BOL)

BOL was introduced by Professor W. Chan Kim and Professor Renee Mauborgne in 2014. It is based on the principles they derived from the framework of their own creation Blue Ocean Strategy (BOS) (Kim & Mauborgne, 2014). BOL helps leader to tap into the huge untapped ocean of talent and energy inside the organization which could help in increasing motivation, lower the turnover and recruiting costs, as well as increasing the employee satisfaction (Kim & Mauborgne, 2014). Previous findings by Wan Noordiana, Salina, and Nur Liyana (2016), also proves that BOL could help the organization to improve their leaderships as well as their organization performances.
Besides untapping the talent, BOL also compromise of value innovation. Some researchers argue that leadership represents one of the most influential predictors for innovation (Mumford, Scott, Gaddis, & Strange, 2002; Stoker, Looise, Fisscher, & Jong, 2001) whereas leading innovations is considered to be one of the greatest challenges in today's innovation processes (Oke, Munshi, & Walumbwa, 2009). BOL, could also help with adding value innovation towards leaders by bringing new thinking and different actions to how they could lead, manage, and think differently

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about their role and the challenges the organization faces (Kim & Mauborgne, 2014).

Unlike most research in the field of leadership that has largely drawn on psychology and cognitive science, BOL looks to the field of strategy to inform the practice of leadership (Kim & Mauborgne, 2014). According to Kim and Mauborgne (2014), many companies that have wanted to implement innovative new strategies have felt that without a step change in their leadership capabilities, they were not equipped to move forward with a new strategy. Thus, instead of focusing on the traditional leadership, BOL could be a step of change in the organization leadership which could also help in improving the organization performance.

3. Methodology

This research was designed as exploratory study using quantitative approach. A stratified sampling was use to select respondent which were sampled from different groups. A questionnaire survey with a five-point Likert scale ranging from "strongly disagree" to "strongly agree" which is scaled from 1 to 5, is used to gather primary data for this study. Questionnaire were distributed randomly among GLCs and MNCs middle to top level manager. The total number of questionnaire distributed are 500 questionnaires, and the number of questionnaires returned are 338 (66% response rate), however, only 329 will be use in this study as some questionnaire were not completed.

Blue ocean leadership questions consist of 73 items which could be categorized to 13 factors. It compromise visionary with five (5) items, contingent reward with four (4) items, courage with three (3) items, idealized influences with four (4) items, inspiration with four (4) items, intellectual stimulation with three (3) items, passion with three (3) items, strategic thinking/planner with five (5) items, focus with five (5) items, collaborate with four (4) items, innovate with six (6) items, willingness to change with three (3) items, communication with three (3) items, and conventional with eighteen (18) items.

Tapping the concept comprehensively enhances the credibility of the instrument. Three type of validity were discuss in this study which is the content validity, construct validity, and convergent validity. Content validity for this questionnaire has been validated by a panel of experts which are lectures in the field of management. All this experts are lecturers in University Tenaga Nasional who validated the suitability of the research questionnaire to be used in Malaysian context. Construct and convergent validity is analyzes using two approach which is (1) Exploratory Factor Analysis (EFA) and, (2) Confirmatory Factor Analysis (CFA)

4. Results and discussion

4.1. Respondent profile

The respondent for this study are 329 in total, where majority of the respondent are Malaysian with frequency of 324 (98.5%). The respondent compromise of female with 170 (51.7%) and male with 159 (48.3%). Their age are 20-30 years old (50.5%), 31-40 years old (33.7%), 41-50 years old (10.0%), 51-60 years old (5.2%) and 61 years old (0.3%). Most of the respondent are Malay with 219 respondent (66.6%), followed with Chinse 64 (19.5%), Indian 44 (13.4%) and others 2 (0.6%).

Respondent profile also shows that, from 329 respondent, 56.8% (187) are married, as for academic qualification, majority of the respondent holds a bachelor degree (67.8%). In terms of positions, 206 respondents are executive (62.6%), while 112 (34.0%) are general manager. Lastly, in terms of number of years working in the position, from 329 respondent, most of them are working in the present position less than 5 years with frequency 214 respondents (65.0%) and also less than five years in the industry with frequency 159 respondents (48.3%).

4.2. Exploratory factor analysis (EFA)

EFA is primarily used in the early stages of instrument development when the researcher is trying to determine the underlying structure of the instrument. To determine whether the data is suitable for factor analysis, the following test was done which is (1) Kaiser-Meyer-Olkin (KMO) test was used to verify the sampling adequacy for the analysis should reacah > 0.6 and (2) Bartlett's Test of Sphericity (BTS), should reach a statistical significance of less than .05. The KMO result as in Table 1 below was 0.890 which means the sample size of this test is acceptable for factor analysis (Hair, Black, Babin, Anderson, & Tatham, 2010). As for BTS shows the significance number of below than 0.05 which indicates this study use an approprirate model for factor analysis (Gupta & Bansal, 2012).

Table 1: KMO and Barlett's test for BOL

Dimension	KMO	Bartlett's	Suitability
BOL	0.890	.000	Suitable

Next, EFA was done by using principal component analysis in order to extract indicators and categorize them into minimum numbers of dimensions (Gupta & Bansal, 2012). Varimax rotation procedures use to obtain simple factors structure (Hair et al., 2010). The result is as in Table 2 below, shows that the extraction based on factor loading, according to Hair et al, (2010) factor loading is ±.30 to ±.40 are minimally acceptable.

Table 2: Results for EFA

Variable	Extraction
Visionary	.430
Contingent reward	.583
Courage	.633
Idealized influence	.555
Inspiration	.503
Intellectual stimulation	.548
Passion	.434
Strategic thinking/planner	.639
Focus	.569
Collaborate	.642
Innovate	.639
Willingness to change	.401
Communication	.528
Conventional	.538

4.3. Comfirmatory factor analysis (CFA)

CFA was conducted to analyzes measurement model, and to comfirm the realibility and validity. Realibility test is analyzes thru composite realibility. As for validity two type of validity will be analyzes which is the (1) convergent validity, and (2) discriminant validity.

First to test the reliability of the construct, composite reliability (CR) is done to test the internal consistency. As for this study, the result in Table 3, shows that CR is range from 0.838 to 0.909, thus, it is acceptable as it exceed the recommended value of 0.7 suggested by Fornell and Larcker (1981) and Hair, Black, Babin, Anderson, and Tatham (2006). Thus, it could be concluded that each lantent variable has high internal consistency reliability.

Next, for validity of the variable, convergent validity is first analysed. It is verified using the factor loadings of the indicators, average variance (AVE) (Sabri Ahmad, Zulkurnain, Khairushalimi, & Izzati, 2016). Convergent validity is adequate when constructs have an AVE of at least 0.5 with factor loading of each item at ≥ 0.6 (Fornell & Larcker, 1981; Hair et al., 2010). From Table 3 below , 10 items are deleted due to factor loading less than 0.6 which is CNVTL53, CNVTL54, CNVTL55, CNVTL59, CNVTL62, CNVTL63, CNVTL 69, CNVTL71, CNVTL72, CNVTL73. After the item is deleted, the factor loading reported are ranged from 0.623 to 0.908, and considered adequate. For AVE value, AVE reported for this study is range between 0.466 to 0.769. Eventhough the AVE value for conventional is 0.466 which is less than the suggested value 0.5, it still can be

accepted because according to Fornell and Larcker (1981) eventhough the AVE is less than 0.5, but composite reliability is higher than 0.6, the convergent validity of the construct is still acceptable.

Table 3: Confirmatory Factor Analysis and Reliability Analysis

Construct	Measurement items	Loading	CR	AVE
Visionary	V1	0.753	0.883	0.601
	V2	0.744		
	V3	0.799		
	V4	0.801		
	V5	0.778		
Contingent reward	CR6	0.773	0.861	0.608
	CR7	0.738		
	CR8	0.794		
	CR9	0.812		
Courage	C10	0.845	0.899	0.748
	C11	0.908		
	C12	0.840		
Idealized influence	II13	0.813	0.895	0.682
	II14	0.846		
	II15	0.851		
	II16	0.791		
Inspiration	I17	0.785	0.884	0.658
	I18	0.874		
	I19	0.852		
	I20	0.725		
Intellectual stimulation	IS21	0.861	0.909	0.769
	IS22	0.888		
	IS23	0.88		
Passion	P24	0.820	0.869	0.690
	P25	0.886		
	P26	0.782		
Strategic thinking	ST27	0.703	0.862	0.556
	ST28	0.779		
	ST29	0.773		
	ST30	0.800		
	ST31	0.664		
Focus	F32	0.731	0.860	0.551
	F33	0.751		
	F34	0.800		
	F35	0.695		
	F36	0.731		
Collaborate	CBLRT37	0.815	0.892	0.673
	CBLRT38	0.848		
	CBLRT39	0.836		
	CBLRT40	0.782		
Innovative	INVTE41	0.773	0.904	0.610
	INVTE42	0.794		
	INVTE43	0.828		
	INVTE44	0.771		
	INVTE45	0.806		
	INVTE46	0.710		
Willingness to change	WTC47	0.810	0.838	0.633
	WTC48	0.777		
	WTC49	0.799		
Communication	CMNCTION50	0.832		
	CMNCTION51	0.873		
	CMNCTION52	0.819		
Conventional	CNVTL56	0.623	0.905	0.466
	CNVTL57	0.719		
	CNVTL58	0.696		
	CNVTL60	0.663		
	CNVTL61	0.683		
	CNVTL64	0.689		
	CNVTL65	0.662		
	CNVTL66	0.69		
	CNVTL67	0.672		
	CNVTL68	0.704		
	CNVTL70	0.699		

Note: CNVTL53, CNVTL54, CNVTL55, CNVTL59, CNVTL62, CNVTL63, CNVTL 69, CNVTL71, CNVTL72, CNVTL73 Is Deleted Due to Loading Less Than 0.6. AVE=Average Variance Extracted, CR=Composite Reliability.

Discriminant validity is analyses next. To confirm the discriminant validity, Fornell and Laker (1981) method is used. The result as shown in Table 4, reported that the value for the measurement model has a discriminant validity because the square root of the AVE is greater than squared correlation between constructs, which meet the criteria for Fornell and Laker (1981).

5. Conclusion

From the analysis above, it could be concluded that the measurement fit, as it meet all the creiterion for convergent validity, discriminant validity, as well as realibility, thus, this study suggested that the dimension for each variable in blue ocean leadership, could contribute towards new survey instrument for blue ocean leadership. Besides that, from the total of 73 items, 63 items could be use to measure BOL variable in further research.

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