Attaining Sustainable Organization in an Era of Technology Disruption through Leadership and Strategic Decision Making: Mediating Role of Organizational Politics

Wan Noordiana Wan Hanafi, Salina Daud

Abstract: In an environment of constant accelerating change, organizations need to ensure they continually invest in their internal capabilities. Upskilling staff, and ensuring the leadership style is adaptive and responsive to change is key to ensuring sustainability in the organization. This study aims to examine the effect of blue ocean leadership style on strategic decision making, mediates by organizational politic. The questionnaire was adopted from previous study and distributed to middle to top level manager in the Malaysian 20 largest Government Link Companies (GLCs). A stratified random sampling technique is adopted to ensure the sample represent the actual population. PLS-SEM was used to test the hypotheses. The findings of this study show that there is a partial mediating effect of organizational politics on the relationship of blue ocean leadership styles and strategic decision making. Organizational politics has its ambivalence, but it can be exploit by developing its proper understanding and political skill amongst leaders, which can be used for strategic decision making and implementation, to deliver an excellent and effective change.

Keywords: Sustainable organization; Blue ocean leadership style; Government Link Companies; Organizational politic; Strategic decision making

I. INTRODUCTION

Industrial revolution is not constrained to industrial production alone. It is manifest in every aspect of society, including technology, production, consumption and business, and influences every area of human life [1-3]. The rapid technological advancement that increasingly transforms the way we work, live, and communicate has fundamentally altered our lives. However, it appears to contrast with contemporary leadership [4]. Leadership in the wake of technology’s exponential advancement should be of importance to scholars and practitioners. According to [5], “much of what we know about leadership is today redundant because it is literally designed for a different operating model, a different context, a different time”, where now, in the era of technological change and competitive world, organizations need to employ leadership styles, that could help the organization to survive.

The twenty-first century has experienced immense interest to study leadership. In recent years, leadership has been particularly studied in the academic, research and executive communities of industrial societies [6]. Leaders are also found to be practising different styles of leadership in the organization [7] since, the success and failure of an organization in recent times are contributed by the styles and practices shown by the leaders [8]. With this in mind, there is a new type of leadership model which is known as the blue ocean leadership style that was devised by [9].

Being a leader means that there is a need to make a decision, bearing in mind that decisions are at the heart of success, and at times they can be difficult especially in critical moments [10],[11],suggest that top managers influence strategic decision making, especially when the decision making at the strategic level highly depends on the performance of the organization. In addition, organizational politics is essentially part of most organizations, as organizational politics is a growing phenomenon and the most debatable topic [12]. [13],argue that organizational politics is a daily occurrence and an essential part of organizational life are often confronted with such realities. While most managers tend to deny that organizational politics exists in their organizations, recognition of their events is crucial in the management of their effects [14].Therefore, with this in mind, this study examines whether organizational politic mediates the relationship between blue ocean leadership style and strategic decision making.

II. LITERATURE REVIEW

A. Blue ocean leadership style

Leadership has been defined by various authors in various ways and there is no collective agreement on the definition of the term [15]. For the past few decades, leadership styles continue to be one of the most exciting issues for organizations [16] because they play an important role in affecting the motivation, commitment and predisposition of the organization by giving focus, meaning as well as inspiration to those working for the organizations [17].

Different styles of leadership are also needed for different working settings and each leader needs to understand when to take a particular leadership approach because it can affect organizational choice or performance [18].
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In the last decade a great number of different types of leadership styles have been studied; some of these leadership styles are relatively well-known such as the transformational, and transactional leadership, and the blue ocean leadership style [9].

- Transformational: Are those leaders who create ownership on the part of group members, by involving group members into the decision-making process and the leaders communicate a clear vision and goals, which employees can identify.
- Transactional: Transactional leadership is a leader’s ability to identify their follower’s needs and clearly show the ways to fulfill these needs in exchange for the performance of the followers.
- Laissez-fair: The laissez-fair leaders would not give any supervision towards their employees. This type of leadership style is similar to that of leaders that do not lead. This occurs when their employees are highly experienced and needed only minimal supervision to obtain the expected outcomes that were required by the leader.
- Blue ocean leadership style: It is a leadership style where the focus is on achieving an organizational increase in leadership effectiveness quickly and at low cost, resulting in high business performance. Blue ocean leadership style concentrates on the behavior and actions of the leaders instead of their behaviors and traits. Blue ocean leadership also certainly helps the leader integrate the untapped ocean of talent and energy inside the organization that also can help to increase motivation, reduce turnover and recruitment costs and increase employee satisfaction [9].

B. Strategic decision making

One of the most critical functions of a manager in all types of organization would be decision making, this is because every leader is required to make a decision [9]. [19]and [20] define strategic decisions as an integrated and externally oriented perception of how the organization will achieve its future missions. In Malaysia, due to the complex work environment, everyday leaders face a multitude of decisions, which will influence organizational direction, administration, and structure in order to ensure the organizations’ survival. The strategic decision not only affects the organization but also the society. Thus, it is not surprising that strategic decision making has been heavily researched. [22]. Strategic decisions are also known as irregular decisions which involve critical organizational actions, strategic positioning of the organization, and determination of the overall organizational direction. In addition, they affect the long-term survival and health of the organization [23].

C. Organizational politic

[24], have argued previously that politics is a widespread occurrence in organizations and therefore requires constant attention and empirical assessment in modern organizations. The idea of organizational politics has been investigated by various researchers in different forms, such as office politics, workplace politics, organizational climate, etc. [25]. Since there is an significant increase in the importance of organizational politics, studies have been done in many different settings and centered on differing political strategies so it can be extended to current working environment.

Politics may be positive (collaborative) or negative (destructive and competitive) policies may be positive (collaborative) or negative (destructive and competitive) but the fact is that without the politics no organization exists. There are two ways of viewing organizational politics: either as a symptom of processes of social influence that benefit the organization or as a self - interested effect against organizational goals [26].

Although organizational policies are clearly acknowledged as having a particular potential, studies show that most people still see them as negative, political working environments are usually viewed negatively by individuals and may induce a sense of injustice, deprivation and inequity[24, 27, 28]. Therefore, employees who believe that their organization has already been politicized tend to deny useful information [29].

Based on the literature, the following hypotheses are proposed:

H1: There is a significant effect of blue ocean leadership style on strategic decision making.
H2: There is a significant effect of blue ocean leadership style on organizational politic
H3: There is a significant effect of organizational politic on strategic decision making
H4: Organizational politic mediates the relationship between blue ocean leadership style and strategic decision making

D. Strategic leadership

Strategic leadership theory prepares an organization to respond differently to future trend [30]. As noted by [31], leadership needs over the creation important or completion of day - to - day responsibilities, it issues the economic performance of current responsibilities whereas getting a visionary perspective that redefines a higher future. Strategic leadership combines visionary skills with management leadership designs whereas formulating their emotional and strategic skills. Strategic leadership is also a shared vision of what an organization should be and support daily decision - making. A strategic thinking approach emphasizes the ability of leaders to solve problems, make decisions and critical thinking to form a total quality leadership [33]. Strategic leadership is widely considered among the key elements for effective strategy implementation by numerous scholars[34, 35]. However, lack of leadership, significantly strategic leadership in a company, has been known collectively of the most important barriers to effective strategy implementation [36].

III. METHODOLOGY

This study is a quantitative study with a cross - sectional approach. A stratified random sampling method is used to collect the sample for this study. This technique was used to ensure fairly equal representation of the study variables.
The stratification was based on the identification of the type of organization that can be categorized in Malaysia by government - linked organizations (GLC), multinational corporations (MNC) and small and medium enterprises (SME)[37]. After the random selection of subjects from each stratum, GLCs were selected as the sample. The population of GLCs is then segregated under service, plantation and finance. All managers from middle to top management are selected as the sample from the three sectors. The total number of questionnaires distributed was 757, but only 329 were returned. All questions were measured, using likert scale, ranging from 1 strongly disagree to 5 strongly agree. Data were analyzes using Partial Least Square Structural Equation Model (PLS-SEM) approach. Two step approach by [38]where used, which is done by assessing the measurement model and the structural equation model.

**IV. RESULT AND DISCUSSION**

**A. Demographic Profile**

The study analyses the data with a 135-sample respondent out of which 75 respondents are female (55.00%) and male with 60 respondents (44.40%). As for age, most of the respondents are age between 31-40 years old (68.15%), and the least are age between 51-60 years old with 11 respondents (8.15%). One hundred and eight (80.00%) are Malay respondent which holds the highest number of respondents. Majority of the respondent is married with 73 respondents (54.10%). In terms of job position, highest number of respondents are from the general manager/manager with 108 respondents (80.00%). For number of years working in the present position, most of the respondent is with less than 5 years with 68 respondents (50.40%). Lastly, for number of years working in the current industry, highest number is for less than 5 years with 50 respondents (37.00%).

**B. Measurement model analysis**

Using the two-stage approach suggested by [39, 40], the second-order reflective blue ocean leadership styles; strategic decision making; and organizational politics is measured by using construct scores derived from the first-order constructs [41]. For the second order construct the validity and reliability of the measurement is also assessed.

Validity is assessed by examining the construct validity, convergent validity and discriminant validity. Table I below confirms that the loadings of the first-order variable on the second-order variable (blue ocean leadership style, strategic decision making, and organizational politics) are more than the cut-off value of 0.70, with reference to [42, 43]. Other than that, as shown in Table I below, the results also confirmed that the AVEs of the second-order model is greater than 0.50. Thus, the results proved that convergent validity exist for the second-order constructs of this study.

Table.1 Result for validity

<table>
<thead>
<tr>
<th>Second order variable</th>
<th>First order variable</th>
<th>Loading</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue ocean leadership</td>
<td>Visionary</td>
<td>0.83</td>
<td>0.61</td>
</tr>
<tr>
<td></td>
<td>Contingent</td>
<td>0.83</td>
<td></td>
</tr>
</tbody>
</table>

Next, discriminant validity is assessed using Henseler’s heterotrait-monotrait (HTMT) (2015) criterion. Table II illustrate the assessment of discriminant validity. In terms of Henseler’s HTMT criterion, which imposes more stringent assessment than the earlier criterion, suggests that all constructs are distinctively different at HTMT0.90 threshold [39].

Table.2 Heterotraitmonotrait ratio (HTMT) result

<table>
<thead>
<tr>
<th></th>
<th>#1</th>
<th>#2</th>
<th>#3</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Blue ocean leadership style</td>
<td></td>
<td></td>
</tr>
<tr>
<td>#2</td>
<td>Strategic decision making</td>
<td>0.74</td>
<td></td>
</tr>
<tr>
<td>#3</td>
<td>Organizational politics</td>
<td>0.42</td>
<td>0.48</td>
</tr>
</tbody>
</table>

Note: Discriminant validity is established at HTMT0.90

In order to analyse the reliability of the second order construct, tests were conducted on composite reliability (CR) as suggested by[42].
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Measurement model has satisfactory internal consistency reliability when the CR of each variable exceeds the threshold value of 0.7 [42]. Table III below shows that the CR of each variable for this study ranges from 0.81 to 0.97 and it is above the recommended threshold value of 0.70. The results indicate that the items used to represent the variables have satisfactory internal consistency reliability. Therefore, the conditions of reliability and validity has also been met for the second stage model.

<table>
<thead>
<tr>
<th>Second order variable</th>
<th>Composite reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue ocean leadership style</td>
<td>0.97</td>
</tr>
<tr>
<td>Strategic decision making</td>
<td>0.93</td>
</tr>
<tr>
<td>Organizational politics</td>
<td>0.92</td>
</tr>
</tbody>
</table>

C. Structural model analysis

1) Direct effect testing

The results of the structural model estimate are illustrated in Table 4. The structural model was run using the bootstrap procedure which generated 500 resamples following the recommendation by Hair et al. (2014). The results of Table IV showed that all of the hypotheses proposed in this study is accepted with, H1 β= 0.530, t= 9.516**, H2 β= 0.154, t= 1.833*, H3= β= 0.088, t= 1.895*(p-value <0.05, more than 1.645, p-value <0.01, more than 2.33**).

The result shows that for hypotheses 1 proposed which is the effect of blue ocean leadership style on strategic decision making is accepted with (β = 0.49, t = 6.01**, p < 0.01). Hypothesis 2 addressed the significant effect of blue ocean leadership style on organizational politics. The results displayed a positive and significant effect of blue ocean leadership style on organizational politics (β =0.42, t = 6.86**, p < 0.01). The findings are similar with previous findings who has established that there is a positive and significant relationship between the blue ocean leadership style on organizational politics. Similarly, hypotheses 3 propose to evaluated the effect of organizational politics on strategic decision making is also accepted (β = 0.21, t = 3.59**, p < 0.01).

2) Mediating effect testing

As shown in the Table V, the result shows that blue ocean leadership style positively effect strategic decision making (β= 0.49, t= 6.01**, p-value <0.05). Next, the mediating effect of organizational politics on the relationship between blue ocean leadership style and strategic decision making is tested. The results show that the indirect effect (β=0.07, t= 1.59, p<0.01) is not significant, which implies that organizational politics (H4) does not have indirect influence on strategic decision making.

The mediating effect of organizational politics on the relationship between blue ocean leadership style and strategic decision making is tested. As shown in the Table 4.24, the bootstrapping result analysis has shown that the indirect effect β=0.07 is not significant with t-value of 1.59, indicating that there is no mediating effect (see Figure 1). This happens because constructive political behaviours in an organization can effects leaders to enhance their strategic decision making in order to satisfy the blue ocean leadership leaders that they wish to follow. In addition to this, the strategic decision making by the blue ocean leadership style leaders will also be affected from the increase level of the organizational politics in the organization. As a result, organisational politics may cause the employee to detach either physically or mentally from the organization [44].

Next, the 95% bootstrapped confidence interval bias is calculated. The result as in Table V below indicates that the indirect effects 95% bootstrapped confidence interval bias is [LL=0.01, UL=0.18], the result shows that it straddles between 0 indicating there is no mediating effect (Preacher & Hayes, 2008). Thus, it can be concluded that organizational politics does not mediate the relationship between blue ocean leadership style and strategic decision making. The result of mediation analysis is presented in Table V below:

Table 3: Result for reliability

<table>
<thead>
<tr>
<th>Second order variable</th>
<th>Composite reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue ocean leadership style</td>
<td>0.97</td>
</tr>
<tr>
<td>Strategic decision making</td>
<td>0.93</td>
</tr>
<tr>
<td>Organizational politics</td>
<td>0.92</td>
</tr>
</tbody>
</table>

Table 4: Result of bootstrapping (direct effect)

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path Coefficient</th>
<th>Standard Error</th>
<th>t-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Blue ocean leadership style -&gt; Strategic decision making</td>
<td>0.49</td>
<td>0.08</td>
<td>6.01**</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2: Blue ocean leadership style -&gt; Organizational politics</td>
<td>0.42</td>
<td>0.06</td>
<td>6.86**</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3: Organizational politics -&gt; Strategic decision making</td>
<td>0.21</td>
<td>0.07</td>
<td>3.59**</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Table 5: Result of mediating effect using bootstrapping

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>BOL -&gt; OP</th>
<th>SDM</th>
<th>Confidence interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4: BOL -&gt; OP -&gt; SDM</td>
<td>Std. Beta (β)</td>
<td>t-Value</td>
<td>p-Value</td>
</tr>
<tr>
<td>Without mediator</td>
<td>Direct effect (BOL-&gt; SDM)</td>
<td>0.49</td>
<td>6.01**</td>
</tr>
<tr>
<td>With Mediator</td>
<td>Direct effect (BOL-&gt; SDM)</td>
<td>0.15</td>
<td>4.35**</td>
</tr>
<tr>
<td></td>
<td>Indirect effect (BOL&gt; OP-&gt; SDM)</td>
<td>0.07</td>
<td>1.59</td>
</tr>
<tr>
<td></td>
<td>Total effect (BOL-&gt; OP-&gt; SDM)</td>
<td>0.34</td>
<td>5.54**</td>
</tr>
</tbody>
</table>

Mediation Effect Result: No

Hypothesis: BOL= Blue ocean leadership style, OP= Organizational politics, SDM= Strategic decision making, LL= Lower level, UL= Upper level, ** p < 0.05, t-value > 1.96

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V. CONCLUSIONS

Competition will be even more complex, challenging and full of competitive opportunities and threats in the rest of the 21st century's global economy. This study argued that effective strategic decision - making could help companies achieve their goals while trying to compete successfully in turbulent and unpredictable business environment of Malaysia. The findings from this study contribute to certain practical implications that would benefit leaders in particular for GLCs by offering a research framework that explains blue ocean leadership styles. Blue ocean leadership style could enhance strategic decision - making by leaders. It is suggested that leaders within the organization should have a good horizontal or vertical relationship. Leaders should therefore use additional employee involvement at any level within the organization, especially at the level of middle management and below, since it would have a significant impact on strategic decision - making and organizational performance. The results of this study may be used as management guidelines to improve the strategic decision - making of the organization. In addition, the study could help managers improve their future performance by taking strategic decisions in their organization.

This study is anchored on the strategic leadership theory, strategic leadership theory studies how the top leadership influences strategic decisions such as those that lead to the effective implementation of strategy in the Government Link Companies (GLCs). This theory is also relevant to this study as it highlights the role played by a leader and how they make a strategic decision for the organization. Future researchers should examine the impact of the blue ocean leadership styles and strategic decision making of several related organizations which engage in strategic organizational decision-making.

REFERENCES

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