Mediating role of employee engagement between Blue Ocean Leadership and team performance

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ABSTRACT

The study examined the mediating effect of employee engagement between Blue Ocean Leadership and team performance among lecturers. A cross-sectional study design was used, and quantitative data were collected using a structured survey from 2,580 lecturers from the population across the 22 vocational colleges in Malaysia's north zone. Structural Equation Modeling (SEM) was used for data analysis. The results revealed a considerable positive relationship between Blue Ocean Leadership and employee engagement, as well as between employee engagement and team performance. Employee engagement, as demonstrated through the use of bootstrapping analysis, acts as a mediator between Blue Ocean Leadership and team performance. The finding supported the Blue Ocean Leadership theory and Social Exchange theory in this study. Future research is recommended to conduct in other states as well as private institutions to get a comprehensive understanding.

Keywords:
Blue Ocean Leadership
Employee engagement
Lecturer
Team performance
Vocational college

1. INTRODUCTION

In today’s digital age, leadership is critical to sustaining and growing an organization's productivity. Thus, the leadership of each organization is asked to display special ethics in each sharing session, decision, and behavior which will launch the process of implementing organizational operations [1] and improve organizational performance [2]. In other words, the leaders of an organization must perform their duties effectively and with caliber. An effective leader inspires his followers by using appropriate approaches to achieve set goals [3], [4]. At the same time, leaders of caliber need to focus on employee engagement (EE) as it is important to ensure excellent job performance. Therefore, an effective leadership style should be practiced, such as Blue Ocean Leadership (BOL). BOL is an approach that assists leaders in transforming less engaged employees into engaged employees by changing the leadership profile of the organization [5].

Since EE has become one of the critical issues in the workplace today. With complex and strict regulations in place, EE remains a major obstacle to organizations in the future [6], [7]. This aspect will challenge management because EE is an important criterion in maintaining continuous effort, sustainability, and organizational profitability [8]–[12]. Furthermore, organizations with high levels of EE not only earn more profits compared to other organizations [13], but also increase job satisfaction, benefits, and employee productivity [14]–[18]. Accordingly, high levels of EE lead to low job turnover rates, high levels of effectiveness, better customer service as well as improved business performance [19]–[21].
Due to the benefits brought by the high level of EE, the leaders of the organization are still working hard to focus more on this aspect to achieve that goal. Moreover, one of the reasons organizational leaders pay attention to EE is because it affects organizational productivity [22], [23]. In a highly competitive climate, the ability of management to implement EE initiatives is crucial for ensuring that organizational productivity is maintained and operations run smoothly [24]. Hence, there must be greater agility and flexibility in the leadership of organizations in a competitive climate. As a result, leaders must demonstrate change-management skills, notably in the curriculum [25]. Concerning employees: when dealing with ambiguous or conflicting situations lecturers should be active, confrontational, and engaged, and they should also work in groups rather than be marginalized separately [26]–[28]. Accordingly, the situation of uncertainty and challenges faced can be resolved when lecturers work more closely in teams. Thus, in an interdependent environment, the individual, collective group, and organizational factors should affect team performance (TP) [29], [30]. However, the job turnover rate for the education sector was reported to be 29.2% in 2011 which was in third place compared to other sectors [31]. Besides, a high turnover rate of 18% in Private Higher Education Institutions in Malaysia was also reported in the previous study [32]. The high average turnover rate in the education sector reduces TP among lecturers while also lowering educational quality [33].

To ensure the quality of education and enable Malaysia to achieve a high knowledge-based system to meet the challenges of the 4.0 industrial revolution, high technical and soft skills are needed [34], [35] especially lecturers in education and training technical and vocational education and training. This is because the vocational education sector plays an important role in establishing a well-rounded human capital [36]. Thus, to confirm that lecturers continue to play a role in producing knowledgeable, highly skilled, and holistic students for the country, then, employee involvement and TP among lecturers should always be given attention by leaders and enhanced by practicing effective leadership such as BOL. Hence, the study’s objectives were: i) To examine the relationship between BOL, EE, and TP; and ii) To identify the mediating effect of EE between BOL and TP among lecturers.

BOL was made public for the first time by Kim and Mauborgne [5]. It is based on the principles derived from the blue ocean strategy framework. In terms of the BOL perspective, every leader has their clients. Thus, a critical concept in this theory is that leadership can be seen as a service whether it “buy” or ‘do not buy’ by the employees in an organization. So, when employees appreciate a leader's leadership practices, they will actually “buy” his or her leadership. Employees are motivated to achieve and act responsibly. Besides, when employees do not “buy” a leader’s leadership, then they will be less engaged, becoming a customer who is not under that leader’s leadership [5].

Meanwhile, Kim and Mauborgne [5] described BOL as a systematic approach to improving leadership practices that maximize unused talent and manpower to drive toward organizational excellence. This can be applied by obtaining employee views on the leadership practices of their leaders. Thus, leadership practices are described as actions and activities in which leaders engage in their organization. Employees will feel engaged as a result of the organization considering their input in developing new leadership profiles at all levels of leadership to alter the organization. Zakaria et al. [37] substantiates this theory by stating that BOL is treated as a strategy for achieving a high impact on EE. At the same time, it is in line with the findings from previous study [38]. It is proved that BOL has a positive impact on EE among vocational college lecturers.

Homans [39] was the first to suggested Social Exchange Theory (SET). This theory's basic premise is that organizations profit from positive employee contributions and, in turn, benefit their employees in other words, the more organizations treat employees properly, the more employees will respond positively and have a friendly attitude toward the organization, especially when management support and job satisfaction are high [40]. Previous research has supported the use of SET and mutual benefit in the organization [41]. Within SET, EE is said to mediate mutually beneficial norms to validate individual loyalty for organizational support [42]. Meanwhile, an individual’s benefits and costs are shown in SET [43]. Additionally, a relationship is predicated on a perception of a balance between the effort expended (costs) and the benefits derived from it (benefits). As a result, if the benefits outweigh the costs, this relationship is considered strong and committed [44].

Social Exchange Theory considers that organizations need to provide an environment that facilitates mutual profit-sharing with employees to improve organizational performance [45]–[47]. Increased social exchange ensures higher levels of EE, as well as improved individual performance and TP [48]. According to the SET, leaders and employees collaborating can result in increased employee satisfaction and EE. SET states that perceptions of fairness typically lead employees to feel obligated to do the same. As a result, most employees will exhibit reciprocal behaviors that contribute to the organization's well-being. In return, employees showing high engagement can positively influence TP.
Furthermore, SET supports the link between EE and TP [48]. Social exchange amongst employees is characterized by dependency [49], [50] and happens when a person desires to interact with others in a way that maximizes their "profit" through social contact [45], [51], [52]. However, social exchange is not merely an exchange from an economic aspect but fosters employee trust, personal responsibility, and appreciation [45], [50], [53]. There are many ways in which TP can be raised by encouraging pleasant social exchanges amongst team members [54]. As a result, it is expected that employees who are more actively involved in social exchanges will perform better and improve TP. Different leadership styles have an impact on the level of TP in an organization [55], [56]. Whereby, TP among vocational college lecturers influenced by BOL and come along with high impact in the study of [57].

Social Exchange Theory emphasizes that interaction between individuals creates a shared obligation [58]. Taking care of employees fosters a social interchange, which in turn encourages employees to respond with productive work habits and enthusiasm [48]. The findings of the study's conceptual framework are supported by SET, which explains why employees display various levels of engagement [59]. As a result, workers must advocate for better workplace resources. Employees will become more involved in their work as a result of the duties they have been given. An employer's praise and encouragement can help employees feel more confident about attaining or exceeding performance goals. The employees involved are employees who take more initiative [60], are highly dedicated [61], and have lower turnover rates [62]. Thus, employees will increase their level of engagement and performance due to the supervisory support provided by managers and the organization [63].

Past studies have shown that BOL has an impact on EE [37], [38] while individual EE has an impact on individual and organizational performance [26], [64], [65]. Hence, EE believes that brings mediated effect towards BOL and TF. According to SET [39], [66], it was believed that practicing BOL would help increase the level of EE, as could TP to achieve an organization’s objectives [65], [67] in this study. Based on the literature review, we proposed the research hypothesis: i) H01: There is a significant relationship between BOL and EE; ii) H02: There is a significant relationship between EE and TP; iii) H03: There is a significant relationship between BOL and TP; and iv) H04: There is a significant mediating effect of EE between BOL and TP among lecturers.

2. RESEARCH METHOD

2.1. Research design

The data for this study were collected using a survey method. This method of data collecting assisted the researcher in gathering accurate data, reducing bias, and improving the data quality [68], [69]. This research was carried out in 22 vocational colleges in Malaysia’s North Zone, which includes Penang, Kedah, Perlis, and Perak. Based on the prior literature study, a survey questionnaire was modified.

2.2. Research sample

There were 401 survey questionnaires were collected from vocational college lecturers using stratified random sampling. This sampling method is employed because it is a less biased strategy for picking a sample and obtaining representative study results. The researchers chose the sample using a random number table. Respondents voluntarily and mutually agreed to fill out survey questions.

2.3. Research instruments

This study's instrument is a series of questionnaires with 37 study-related questions that were delivered to respondents to elicit the appropriate responses. The questionnaires were divided into four sections (A, B, C, and D). Part A consists of eight demographic questions, while part B consists of 12 BOL questions adapted from previous studies [5], [70]. Part C has 11 EE questions that have been adapted by Schaufeli et al. [71]. The study used six TP questions in part D, which were developed by Callea et al. [72]. Five Likert scales, ranging from 1 (strongly disagree) to 5 (strongly agree), were used in this survey. In order to establish the instrument's reliability, researchers conducted a pilot study with 300 lecturers. According to the study, Cronbach's Alpha reliability coefficient was found to be 0.929. Consequently, the researchers concluded that the questionnaire selected for the study was appropriate to employ.

2.4. Data collection

Lecturers at vocational colleges in Malaysia's north zone responded to the survey. Each participant gave informed consent before beginning the survey, which took around 15 minutes to complete at their office. The Education Planning and Research Division (EPRD), Ministry of Education, Malaysia approved all methods and procedures.
2.5. Data analysis

Statistical Package for the Social Science version 23.0 (SPSS) and SPSS AMOS version 24 software were used to analyze the questionnaire data. Descriptive analysis was used to assess the mean level of BOL, EE, and TP among vocational college lecturers. At the same time, mediated effect analysis has been applied to measure the mediating effect of EE between BOL and TP among lecturers. Structural Equation Modelling (SEM) was performed to assess the hypothesized model's structural model goodness-of-fit, and the path analysis result was utilized to identify the relationship between the constructs. A variety of statistical indices were used to assess the goodness-of-fit model, which was classified into three categories: absolute fit, incremental fit, and parsimonious fit [73]. Absolute fit indices were assessed using indexes such as the Root Mean Square Error of Approximation (RMSEA) and the Goodness-of-Fit index (GFI). For RMSEA and GFI, the acceptable cut-off values are less than 0.08 and equal to or greater than 0.90, respectively. The Comparative Fit Index (CFI) and the Tucker Lewis Index (TLI) were used to determine incremental fit indices. Based on the Adjusted Goodness of Fit Index (AGFI), the parsimonious fit index was determined. CFI, TLI, and AGFI all have an appropriate cut-off value of 0.90. The bootstrapping procedure was used to test the mediation effect of EE on the data set.

3. RESULTS AND DISCUSSION

A total of 401 lecturers responded to the surveys. The results are presented in the Table 1. The table shows that most of respondent is Malay, female, and married.

<table>
<thead>
<tr>
<th>Demographic Factor</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 28 years old</td>
<td>43</td>
<td>10.7</td>
</tr>
<tr>
<td>28-38 years old</td>
<td>189</td>
<td>47.1</td>
</tr>
<tr>
<td>More than 38 years old</td>
<td>169</td>
<td>42.1</td>
</tr>
<tr>
<td><strong>Races</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>360</td>
<td>89.8</td>
</tr>
<tr>
<td>Chinese</td>
<td>24</td>
<td>6.0</td>
</tr>
<tr>
<td>Indian</td>
<td>13</td>
<td>3.2</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>156</td>
<td>38.9</td>
</tr>
<tr>
<td>Female</td>
<td>245</td>
<td>61.1</td>
</tr>
<tr>
<td><strong>Teaching area</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Science &amp; mathematic</td>
<td>81</td>
<td>20.2</td>
</tr>
<tr>
<td>Language</td>
<td>86</td>
<td>21.4</td>
</tr>
<tr>
<td>Humanity</td>
<td>64</td>
<td>16.0</td>
</tr>
<tr>
<td>Vocational &amp; technology</td>
<td>170</td>
<td>42.4</td>
</tr>
<tr>
<td><strong>Academic profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor</td>
<td>360</td>
<td>89.8</td>
</tr>
<tr>
<td>Master</td>
<td>40</td>
<td>10.0</td>
</tr>
<tr>
<td>Phd</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Teaching experiences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 years and below</td>
<td>153</td>
<td>38.2</td>
</tr>
<tr>
<td>11-20 years</td>
<td>136</td>
<td>33.9</td>
</tr>
<tr>
<td>21 years and above</td>
<td>112</td>
<td>27.9</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>62</td>
<td>15.5</td>
</tr>
<tr>
<td>Married</td>
<td>339</td>
<td>84.5</td>
</tr>
<tr>
<td><strong>Monthly income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than RM4,000</td>
<td>109</td>
<td>27.2</td>
</tr>
<tr>
<td>RM4,000 – RM8,000</td>
<td>242</td>
<td>60.3</td>
</tr>
<tr>
<td>RM8,001 and above</td>
<td>50</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>401</td>
<td>100.0</td>
</tr>
</tbody>
</table>

3.1. Structural model

In order to examine the suggested hypotheses, the structural model was developed. Figure 1 depicts the analysis results, which illustrate the path coefficient from the independent construct to its matching dependent construct. The path coefficient for the model in this study was represented in Table 2. The findings of the hypothesis analysis revealed the importance of the three hypotheses separately. There is a statistically significant relationship between BOL and TP ($p=.001$). Meanwhile, the findings show that BOL has a positive relationship with EE ($= .555$, $p=.001$). Finally, findings ($= .544$, $p=.001$) support the idea that EE positively prompts TP.
The mediating role of employee engagement between Blue Ocean Leadership and team performance (Zi Jian Oh)

3.2. The mediating analysis

The following approach for analyzing the mediator has been recommended by Awang [74]. The process is shown in Figure 2. The indirect effect = (.57 × .44) = .2508, the direct effect = .27, the value of the indirect effect is less than the value of the direct effect. The type of mediation is partial mediation since the direct effect for BOL to TP is significant.

The bootstrapping approach provided by Awang [74] was used to verify the mediation result in this study. With a bootstrap sample size of 5,000 and a bias correction confidence interval of 95%, the Maximum Likelihood Bootstrapping approach was applied in this study. As a result, the bootstrapping result in Table 3 supports the previous mediation finding, in which EE functions as a partial mediator on the relationship between BOL and TP.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Path</th>
<th>Construct</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>p</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>TP</td>
<td>⇝</td>
<td>BOL</td>
<td>.323</td>
<td>.079</td>
<td>4.096</td>
<td>***</td>
<td>Significant</td>
</tr>
<tr>
<td>EE</td>
<td>⇝</td>
<td>BOL</td>
<td>.555</td>
<td>.057</td>
<td>9.745</td>
<td>***</td>
<td>Significant</td>
</tr>
<tr>
<td>TP</td>
<td>⇝</td>
<td>EE</td>
<td>.544</td>
<td>.084</td>
<td>6.446</td>
<td>***</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Figure 1. The path coefficient for the hypothesis in this study

Figure 2. Employee engagement as a mediator in the Blue Ocean Leadership relationship with team performance
3.3. Discussion

Hypothesis 1 (H01) was also rejected because the data revealed a positive significant association between BOL and EE, which is consistent with the findings of studies [38], [75], which found that BOL contributes 60.6 % to EE among lecturers. In addition, this study validates [37]'s claim that BOL can improve the public sector’s EE. Hypothesis 2 (H02) was also rejected attributed to the reason that the results indicated that a positive significant relationship between EE and TP. Employees' favourable views toward work are emphasized in the previous studies [76], [77], and they are encouraged to participate more effectively by the organization, which ultimately helps to boost TP. In the meantime, the effect of individual EE on individuals and TP has also been demonstrated in previous research [26], [64], [65]. Besides, the results of the study [38], [75] also displayed that EE has a positive significant relationship with TP among vocational college lecturers.

Hypothesis 3 (H03) had been declined. The results showed a positive significant relationship between BOL and TP. It is in line with higher TP only when leadership roles were performed effectively [78]. These findings are also corroborated by previous researchers [79]–[84], which imply that leadership has an impact on TP. Hypothesis 4 (H04) had been rejected. The findings support the hypothesis that the relationship between BOL and TP is partially mediated by EE. Previous studies have shown that BOL has an impact on EE [37], [75], while individual EE has an impact on individual and organizational performance [26], [64], [65].

4. CONCLUSION

Overall, this research examines the connection between BOL, EE, and TP among Malaysian vocational college lecturers. BOL has a relationship with EE, and EE has a relationship with TP too. Unsurprisingly, BOL has a relationship with TP. Meanwhile, EE acts as a partial mediator between BOL and TP. The study's findings corroborate the theory of BOL with the EE of the lecturer can be improved under primarily lecturers from government vocational colleges, the study's findings

Table 3. The results of the bootstrapping procedure in testing employee engagement as a mediator on the relationship between Blue Ocean Leadership and team performance

<table>
<thead>
<tr>
<th>Hypothesized path</th>
<th>Beta</th>
<th>P</th>
<th>95% Bootstrap BC CI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>LB</td>
</tr>
<tr>
<td>Direct model</td>
<td></td>
<td></td>
<td>UB</td>
</tr>
<tr>
<td>BOL→TP</td>
<td>.505</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Mediation model</td>
<td>.271</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Std. indirect effect (SIE)</td>
<td>.253</td>
<td>.000</td>
<td>.148 .381</td>
</tr>
</tbody>
</table>

REFERENCES

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APPENDIX 1: Survey questionnaire

Blue Ocean Leadership
• I trained my subordinates to succeed.
• I clearly explain the strategy to the subordinates.
• I develop subordinate skills to accomplish a task.
• I convey the vision and mission of the college/department to the subordinates.
• I allow subordinates to do a project/job.
• I developed a plan for college/departmental change.
• I analyze future trends and their implications for colleges/departments.
• I set performance goals along with subordinates.
• Providing subordinates with the motivation to increase their confidence is important and necessary.
• I share the best practices in the team.
• I think leaders should lead but not rule.
• I explore and highlight existing talent in subordinates.

Employee engagement
• I am proud of the work that I do.
• I find the work that I do full of meaning and purpose.
• I am enthusiastic about my job.
• At my work, I always persevere, even when things do not go well.
• I get carried away when I am working.
• I can continue working for very long periods at a time.
• At my job, I am very resilient, mentally.
• When I get up in the morning, I feel like going to work.
• At my work, I feel bursting with energy.
• At my job, I feel strong and vigorous.

Team performance
• I want to continue working on this team.
• I am satisfied with the number of responsibilities and tasks assigned to the team.
• In my team, we are developing new and improved ways of working.
• My team works closely with team members and members from other departments in the college.
• Head of department/Head of program always praises the quality of work of our team.