Leadership Competencies in Driving Organizational Performance in Vuca Environment: Malaysian Perspective

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Leaders play a crucial role in the success of any organizations be they private or public entities, new or mature firms, profit or non-profit organizations. Leaders are expected to lead their people in perilous times where volatility, uncertainty, complexity and ambiguity are the general norms. The aim of this research is to identify the competencies expected of future leaders, which comprises of senior managers and middle managers and to explore the framework sought to develop the intended competencies in order to achieve the desired organizational performance and goals. This exploratory research identifies the key competencies from the viewpoint of Malaysian organizational leaders. For this research, an interview approach was employed with the research instrument adopted from Frost & Sullivan. A total of eleven chief executive officers and general managers from the private and public sectors in various industries participated in the study. The findings identified twelve key competencies that leaders must possess and the top four are: strategic thinking, communication skills, technical skills and, coaching and mentoring. However, the importance of the competencies is not the same between private and public sectors. Only two competencies; strategic thinking and networking have similar ranking. There is also a paradigm shift in the mind-set of the public sector where the competency of business acumen is ranked fifth among the twelve competencies identified. This finding will allow organizations to strategize their leadership development program.

Key words: *Leadership, competencies, private sector, public sector and organizational performance.*

Introduction
Research Background

Good leadership sets a clear vision which is profoundly crucial in this time of volatility, uncertainty, complexity and ambiguity. Developing leadership capabilities will enhance the leaders' ability to permeate a positive perception on how an employee feels about the workplace which should lead to greater productivity and with effective communication should provide them with an understanding of the organizational direction. Many studies have been conducted for the past two decades, to find the factors that lead organizations to achieve exceptionally high levels of success and the main factor that emerges is the adoption strategies based on organizational leadership competencies (Cameron, 2014). However, currently there is insufficient leadership training for future leaders. Jack Zengar, a research scholar in leadership found that the average age of people participating in leadership training was 42 and the average age of supervisors was 33 (Kouzes and Posner, 2016). A survey poll done at the World Economic Forum 2016 in Dubai, 86% felt that the world today is facing a leadership crisis (Maleeha, 2016).

China, the second largest economy in the world is facing economic slowdown. For the last 5 years, its economic growth has been in the single digits which gives greater opportunity for the Association of Southeast Asian Nation (ASEAN) countries to increase its share of global trade. In this region of more than 600 million people with differences in the cultural, religious and ethnicity, business leaders that can embrace these diversities will be the ones thriving and creating values for their organizations. However, ASEAN and ASIA in general are facing a shortage in leadership talent. "There is a dearth of leadership capability globally. ASEAN has an even greater gap, because we are failing to meet the needs in a timely manner and the region's growth is surpassing the talent development" (DeKrey, 2015; Sambo, Aghojare & Ahutu, 2016).

In order to forge forward with the Malaysian economy and achieve the goal of being a developed nation by 2020, Malaysia needs to address the issue of scarcity of leadership talent among its people. In the June 2014 report by The World Bank, entitled "Malaysia Economic Boasting Trade Competitiveness" in 2014, 62% of firms in Malaysia had difficulty finding talent with the right skills and 48% identified the lack of talent as a constraint for future growth.

Research Problem

Leaders are required to have amplified their ability in recognizing assumptions, evaluating arguments, and drawing clear and valid conclusions (Stroope and Hagemann, 2013). These are crucial keys competencies that a leader needs to be equipped with. Dubois et al. 2004, define competencies as characteristics demonstrated by an individual to achieve a desired

performance goal within an organization such as knowledge, skills, aspects of self-image, social motive, feeling and acting.

In a survey conducted on IBM's global human capital, 75% of the companies said that one area of critical concern is developing future leaders (IBM, 2008). Sylvester Taylor, Director of Assessment Development at the Center for Creative Leadership identified a leadership gap in the corporate world, where there are intense wars for talent, leadership ranks are stretched too thin, and too little thought is given to a formal development system (Hammeett, 2008; Sanchita, Swain & Mishra, 2017). For those organizations that realized this situation, and embarked on leadership development programs they have however failed to deliver the intended results. These programs give aspiring leaders a cognitive experience but not about how to lead and it stems in part from confusion about what leaders do (Allio, 2005).

Research Objectives

This study aims to accomplish two main objectives as follows:
- to understand the competencies expected of future leaders, which comprise of senior managers and middle managers
- to explore the framework aimed at developing the intended competencies in order to achieve the desired organizational performance and goals

Research Methodology
Research Design

This is a qualitative study as data are collected through a series of interviews (Sekaran and Bougie, 2009). This approach is deemed suitable as an exploratory study. (Kaptein and Dalen,2000). An in-depth interview was employed as the primary data collection for more insightful explanations in the study. Esterberg (2002), recommends that interview is a good technique to understand how people think and feel.

Prior to the interview, interview protocol was prepared to guide the researchers on the questions to ask during the interview. For this study, the team was given t permission by Frost & Sullivan to adopt the research questions developed by them on the competencies sought by the organization at the level of senior management. The research questions were open-ended type to align with social constructionist interview method.

Interviews were conducted with eleven chief executive officers and general managers from organizations in the private sector and in the public sector, by a team of two (2) or three (3) members at their premises. The duration of the interview ranges between one hour to one and half hours. Most of the interview session were recorded with the interviewee's permission.

Immediately after each interview was over, the researcher transcribed all the interviews verbatim, the research team employed content analysis technique to identified emerging patterns.
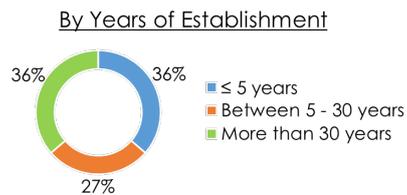
Findings and Discussion
Organization profile

The respondents interviewed was approximately equally balanced as 55% of the respondents interviewed were in the public sector and another 45% were in the private sector as shown in Figure 1. As for the years in establishment, 36% of the respondents come from the organisation of 5 years and less, 27% between more than 5 years but less than 30 years and the remaining 36%, more than 30 years as in Figure 2. The organizations selected were from 6 different industries as depicted in Figure 3.
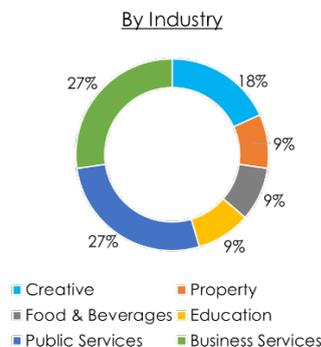
Figure 1. Organisation by Sector

By Sector

45% Private Sector
55% Public Sector
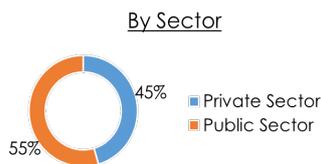
Figure 2. Organisation by Years of Establishment

By Years of Establishment

36% 36% ■ ≤ 5 years
             ■ Between 5 - 30 years
             ■ More than 30 years
27%

Figure 3. Organisation by Industry

By Industry

27% 18%
      9%
      9%
27% 9%

■ Creative   ■ Property
■ Food & Beverages   ■ Education
■ Public Services   ■ Business Services

The emerged pattern

From the analysis of the responses in the interviews, the researchers were able to identify 12 keys competencies highlighted by the respondents. The highest ranking in leadership competencies that emerged from the analysis is strategic thinking, followed by communication skills, technical skills, etc. The 12 key leadership competencies are listed in Figure 4.

Figure 4. Overall Ranking in Leadership Competencies

The ranking in the leadership competencies is not the same between the private sector and the public sector. As illustrated in Figure 5, there are differences in both sectors. Even though both sectors highlighted the importance of strategic thinking but then the public sector is looking at different leadership competencies. For the public sector, communication skills, technical skills, risk taking, and business acumen are the competencies sought after which is very different from the private sector perspective. This difference in the public sector could be in the mind-set due to the government transformation programme at improving performance in government agencies, these agencies are required to:

1.   Inculcate high-performance culture in the organization;
2.   Achieve sustainable growth in the business;
3.   Improve productivity in the business process; and
4.   Compete successfully in the global arena.

Figure 5. Leadership Competencies by Organisation's Sector
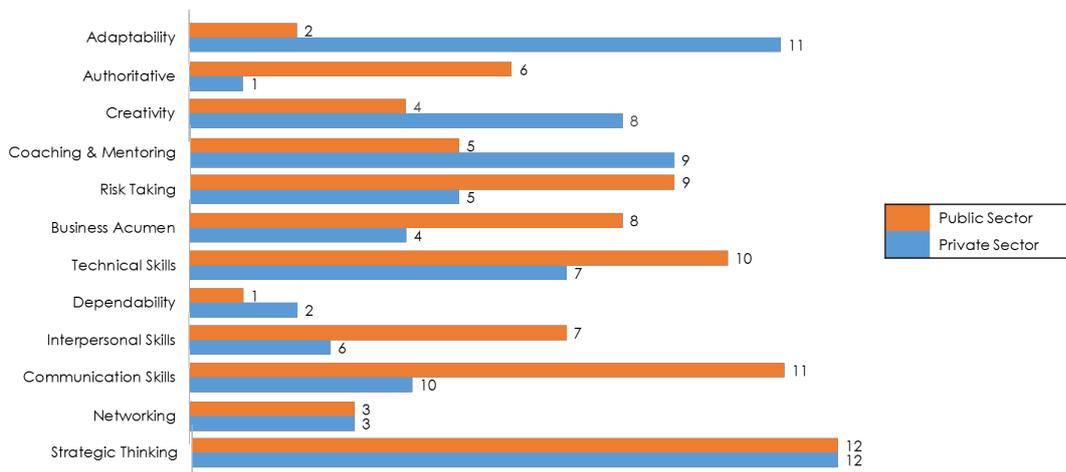
Based on Greiner's Growth Model, depending on the organisation's year of establishment, the leadership competencies are plotted according to Phases as illustrated in Figure 6. A different leadership competency skill is required at a different age of the organisation. At early stage of the organisation, where the size of organization is small and less structured, employees are seen

as doing whatever is deemed necessary to make things work. As an organisation grows with time, the size of the organization becomes larger and more structured and there will a clear distinction between the leaders and employees' role. This is the phase where leaders communicate effectively to guide the employees on the direction of the organisation. And when to the organisation approaches maturity, succession plan for future leadership talent becomes critical to spur the organisation to the next phase of its life cycle.

Graph 7. Greiner's Growth Model
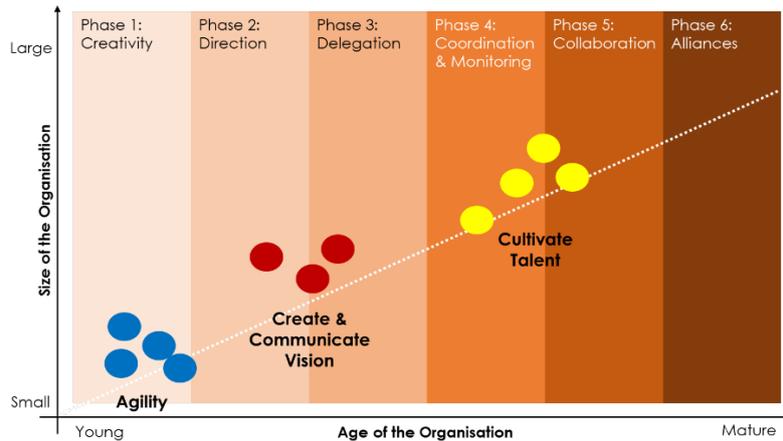
Conclusion

Organisations need to reconsider the development of their leadership talent whereby sustainability leadership competencies are required to prepare current and future leaders for the worst of time. Leaders need to generate and protect future value for the organization and society in this time of rapid change triggered by technological advancement, population growth and shifting demographic as well as globalisation. Leaders are required to equip themselves with necessary competencies to navigate the organisation in uncharted territory and to be able to lead during turbulent times. The 12 leadership competencies identified in the research are not an exhaustive list as only 11 organisations participated in this research. More research should be carried out to identify more leadership competencies and eventually formulate the best leadership competency models. This exercise may be used as a strategic tool to drive high performance and value creation for organisations.

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