

# Survival of the Fittest, How Leadership Will be the Game Changer!

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**Abstract.** The increased intricacy of the leadership role in the higher education environment has gained attention as universities' core businesses are inundated by complex challenges in an era of IR 4.0. The literature regarding leadership in higher education is inadequately developed, despite its crucial importance in successfully transforming universities toward sustainability. This paper discusses how the influence of leadership and its impact on organisational climate, employee well-being, organisational commitment, and employee psychological capital in higher education institutions. It reports the results of a quantitative research study with a sample of 200 respondents collected via convenience sampling.

## 1 Introduction

In recent years, there has been an increasing fascination with the role of leaders in Higher Education institutions. This interest has been motivated by two factors: the significant impact of Higher Education institutions on nurturing individuals who eventually emerge as leaders in broader society, and the evolving nature of Higher Education institutions' leadership itself, driven by global challenges within the sector.

Leadership as a concept on its own has evolved due to the changes in demographics, globalization, technology, and work practices [1]. Issues of whether the same form of leadership exists and is necessary for higher education institutions, also if the same framework of theory and implementation applies to the higher education sector, as in business organizations, have been brought up by various researchers [2]. Amidst this era of change, Higher Education institutions are facing the necessity of contemplating strategies for cultivating their leaders and determining suitable leadership behaviors that facilitate adaptation to these novel circumstances.

While numerous studies have demonstrated the significance of leadership in influencing employees' work attitudes and outcomes, it is only in recent years that the mechanism through which leadership exerts its effects has garnered considerable attention in the fields of organizational behavior and management. Early research on leadership theories proposed organizational factors, e.g., leadership impacts on feelings of climate and culture [3].

Research reveals a relationship between both transformational and transactional leadership styles and employee well-being in for-profit organizations [4]. There has been an increase in interest in research related to employee well-being in both Western and Chinese

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contexts [5]. William & Hazer [6] identifies that leadership is directly influencing employee commitment indirectly toward job satisfaction. The employee's commitment to an organization is based on how satisfied the employee is with the organization and their job [7]. Previous researchers of organizational commitment emphasized that commitment is initially a function of individual willingness and behavior to commit themselves to the organization they are working in through their choices and actions as time passes [8].

Leadership style is hypothesized in this paper as a possible precursor to employee psychological capital. The traditional interpretation of psychological capital was discussed by Martin Seligman in 1999 and was evolved by Luthans and colleagues in 2004 [9]. Cavus & Gokcen [10] pointed out that psychological capital is defined as the personal development positive situation with the countenance of self-reliance, while commerce with the obstacles which is also known as self-efficacy. Brewer [11] identified a relationship between leadership and employee commitment,

This paper discusses the influence of leadership and its impact on organizational climate, employee well-being, organizational commitment, and employee psychological capital in higher education institutions. It reports the results of a quantitative research study with a sample of 200 respondents collected via convenience sampling. Leadership effects were analyzed using the transformational leadership scale (TLS), organizational climate questionnaire (OCQ), positive and negative affect scale (PANAS), psychological capital (PsyCap), and organizational commitment.

## **2 Methods**

This research used a quantitative cross-sectional study approach utilising the sampling method of convenience and snowballing technique. This study focused on lecturers as the source of data collection. A self-administered questionnaire was developed based on a literature review. An online questionnaire was utilized as it is low cost, convenient, and allows instant response. Respondents can answer the questionnaire at their leisure and convenience.

The collected data were then analyzed using the statistical methods of descriptive and inferential statistics via using partial least squares structural equation modeling (PLS-SEM).

## **3 Result and Discussion**

### **3.1 Organisational climate**

Although organisational climate has been studied extensively in the past, dating back to the 1960s, a general definition is elusive (Eustace & Martins, 2014). Early research on organizational climate was characterized by little agreement on the definition of it, almost no conceptual orientation to the early measures designed to assess it, and paradoxically an almost complete ignoring of the term "organizational." [12]

Schneider, Ehrhart, & Macey [12] discussed organizational climate as the meanings people attach to interrelated bundles of experiences they have at work. A positive organisational climate can affect the result of the organisation's financial status, such as profit, return on sales, and revenue growth [13]. Early research on leadership theories proposed organizational factors, e.g., leadership affects perceptions of climate and culture [3]. Based on the literature, organizational climate is influenced by effective leadership. Hence the following hypothesis was developed:

H<sub>1</sub>. There is a positive relationship between leadership and organizational climate.

### **3.2 Organisational Commitment**

William & Hazer [6] identifies that leadership is directly influencing employee commitment indirectly toward job satisfaction. The employee commitment towards an organisation is based on how satisfied the employee is with the organisation and their job [6]. Brewer [11] reported a link between leadership and employee commitment, and similarly, Williams and Hazer [6] posit that leadership impacts on employee commitment indirectly through job satisfaction. Emery and Barker [14] found a strong link between transformational leadership and employee commitment. In a recent study [15], a meta-analysis was conducted to examine the leadership style of Turkish school principals. The findings revealed a strong and positive correlation between the transformational leadership behavior exhibited by the principals and the satisfaction of teachers.

Hence the following hypothesis was developed; H<sub>2</sub>. There is a positive relationship between leadership and organisational commitment.

### **3.3 Employee Psychological Capital**

Leadership style is hypothesised in this paper as a potential precursor to employee psychological capital, as the literature review has acknowledged leaders as a major cause of employee optimism and adverse emotions at work [16]. The traditional interpretation of psychological capital was discussed by Martin Seligman in 1999 and was evolved by Luthans and colleagues in 2004 [9]. Cavus & Gokcend [10] pointed out that psychological capital is defined as a positive personal development situation with the countenance of self-reliance, while commerce with obstacles is also known as self-efficacy. Psychological capital is a conceptual framework of a positive approach in the workplace known as positive organizational behaviour (POB) theory [17]. Some studies have indicated a positive correlation between transformational leadership and psychological capital [18].

Thus: H<sub>3</sub>. There is a positive effect of leadership and employee psychological capital.

### **3.4 Employee Well-Being**

Past research has indicated that diverse approaches to leadership significantly contribute to enhancing the well-being of employees and achieving positive outcomes for organizations. Although leadership theories share commonalities and differences, there is substantial evidence supporting the notion that leadership style has a significant and independent impact on employee well-being. McMurray, Pirola-Merlo, Sarros, & Islam [4] posit a relationship between both transformational and transactional leadership styles and employee well-being in organizations. There has been an increase in interest in research related to employee well-being in both Western and Chinese contexts [5].

Seltzer et al. [19] mentioned that prior researchers had investigated the relationship between transformational leadership and subordinate health and well-being outcomes, including outcomes of well-being [20].

Hence, H<sub>4</sub>. There is a positive relationship between leadership and positive employee well-being.

## **4 Discussion on Findings**

A total of 200 respondents participated in this study. The results of the demographic profile show that more than half of the respondents were female, with the percentage of 51% of the collected data, while only 49% were male. The majority of the respondents' age range from 31-40 lecturers (41%), followed by respondents' age range between 41-50 at 26%. The lowest

group of respondents are at the age of 60 and above group at 5%. Most of the respondents have working experience from 6 - 10 years, which consists of 33 %. Followed by 2-5 years at 28%. In comparison, the lowest % of respondents came from less than 2 years of experience. Most of the respondents have a master's degree as their education level, with a percentage of 37%, followed by a Ph.D./Post Doctorate with 32%. 28% of the respondents carry a bachelor's degree, while the rest of the percentage is carried by diploma, with just 6%. The majority of the respondents are lecturers who carry the most percentage, 42%, followed by the senior lecturers, that carry 20% of the 200 respondents. Structural Equation Modelling (SEM) was utilised to examine the four hypotheses established. The data were analysed in two stages using the Smart-PLS 3

Results of  $H_1$  indicate that leadership ( $\beta = 0.712$ ,  $t$ -value = 15.819,  $p < 0.001$ ) significantly affects organisational climate. Thus, hypothesis 1 is accepted. Similar results were also reported by [4]. This study has the result which has parallel findings with the study done by Maamari & Majdalani [21], in which they stated that a positive environment for the organisational climate depends on the capability of the leaders that possess an emotional intelligence that will enable the leader in order to better handle the team members to create a satisfying and motivational member that can help achieve the expectation of a positive organisational climate.

Results of  $H_2$  indicate leadership ( $\beta = 0.523$ ,  $t$ -value = 8.688,  $p < 0.001$ ) affects organisational commitment. Thus, hypothesis 2 is accepted. This parallels the findings of a study done by William & Hazer [6] stated that employee commitment is directly influenced by the leader. The result of this study is also in line with previous studies conducted by Emery & Barker [14], which supported the positive correlation between leadership style and the employee commitment.

Results of the study indicate that leadership ( $\beta = 0.426$ ,  $t$ -value = 7.466,  $p < 0.001$ ) affects Employee Psychological Capital. Thus, hypothesis 3 is accepted. The result of the study parallels the findings of Bass [3], which explained that there is a positive relationship between leadership and each component of psychological capital.

Results of the study indicate that hypothesis 4, leadership ( $\beta = 0.499$ ,  $t$ -value = 8.937,  $p < 0.001$ ) affects Employee Well-Being. This result echoes the sentiments of McMurray, Pirola-Merlo, Sarros, & Islam [4], on which there is a positive effect of leadership on employee well-being.

## 5 Conclusion

The results of this study indicate that leadership significantly impacts organisational climate, employee well-being, organisational commitment, and employee psychological capital merits additional research. The academic landscape is now changing due to the digital transformation, and leaders are called upon to develop and improve a combination of digital and soft skills, mainly related to the ability to communicate effectively in a new digital context to create coherence between remote geographical nodes, direct initiative, and adaptability in order to deal with success several complex problems and operating urgent procedures. This study posits that the distinctive organizational context of universities warrants giving special attention to leadership in higher education as an independent and prominent focus.

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