

Leadership-Driven Service System Innovation in Malaysian Chinese-Owned Media Firms across Southeast Asia

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Abstract. The digital transformation in 21st century needs basic transformation for media conglomerates operation, changing their positioning as producer of information good and become provider of complex service system. The methods of service innovations of Malaysian Chinese owned media companies as it grows overseas within the region of ASEAN (SE Asia), particularly focusing on their leaders helping their media to reform their resources. Moving past those old social capital theories, this study makes the idea of the “Bamboo Network” a particular service ecosystem structure governing resources and service swaps. Employing Service – Dominant Logic (SDL) and Dynamic Capabilities Theory as theoretical lenses, this work fills a gap in prior studies with respect to an exploration into the relationship between ethnic service systems, leadership agility and platform - mediated service interactions. A mixed-method strategy with number surveys (= 500) and in-depth interviews (N = 30) with top executives was used. From the results we know that even though transformational leadership can achieve the improvement of radical service innovation through the creation of value co-creation, but the “bamboo network” is a rigid service ecosystem structure, it makes the service resource orchestration easier but block the necessary re-orchestration for a disruption. The paper concludes with a strategic framework for media executives to evolve from legacy service providers to dynamic platform orchestrators.

Keywords: Service Innovation; Service Systems; Service-Dominant Logic (SDL); Value Co-creation; Transformational Leadership; Bamboo Network; Resource Orchestration; Southeast Asia (ASEAN)

1. Introduction

Considering the rapid digitalization of the 21st -century economy it is absolutely fundamental for an important shift to happen with respect to how the media industry is conducted (Nambisan et al., 2017). Organizations must change the fundamental logic from a goods - dominant (G-D) - an approach that creates static information goods - to a service - dominant (S - D) - where services are co-created through interaction (Lusch & Vargo, 2014); (Vargo & Lusch, 2004). And so, in all of this change, just making more stuff, will not make your old fashioned media conglomerates competitive. What they will have to become, organizers for all of these changing services, organizing the interaction between content creators, advertisers and viewers. (Lusch, Nambisan 2015). Systematic break-down of legacy business models such as (Schumpeter, 1934) mentioned creative destruction that requires media companies to reshape internal resources to support innovation of services continuously. But even if the imperative to move from legacy providers to digital platforms is global, the path to realizing that imperative is locally conditioned by institutional context (Yeung, 2004).

The Southeast Asian region (ASEAN) is a very complicated service ecosystem with “mobile first” adoption and a lot of different rules for what people can do. Contrary to more advanced Western markets, the digital economies of ASEAN are formed through "institutional void" and the delivery of services is complicated by varied language and cultural background (Tapsell, 2017); (Küng, 2017). For media orgs in here, to balance the “digital paradox” - you want to access the high level of connection, but still figure out how to combat the commoditization at the hands of the global algo gatekeepers of your particular content (Picard, 2014). Environment needs for certain kind of resource orchestration, and media companies need to utilize dynamic capabilities to achieve integration between internal operational efficiency and external market opportunity (Tecece, 2007).

In such a dynamic regional context, Malaysian Chinese-owned media conglomerates are unique. Historically, these companies used to gain competitive edge with distribution channel and political capital through the so-called Bamboo Network which is a network of overseas Chinese business network (Kao, 1993; Redding, 1990). In previous literatures, this network is mainly analyzed based on social capital or embeddedness. But this study redoes the Bamboo Network interpretation, claiming it's not flexible services but a rigid service ecosystem that controls transborder resource swap. Although such an ecosystem can effectively cut down the transaction cost in traditional market, but it is hard to break the chain of strong ties and informal trust mechanism, which might be a structural constraint in the digital era and cannot realize the integration of novel non-ethnic operant resources needed for radical service innovation (Li, 2007).

The central issue of this study is that between old time leadership way and modern service system organization. Innovation within service systems depends largely upon human and leadership agility as a foundation for value co-creation (Edvardsson et al., 2011). But Malaysian Chinese companies are usually ruled by paternalistic leadership. Paternalistic leadership is a leadership style that originates from Confucian values, it combines benevolence with authoritarian control (Farh & Cheng, 2000). Though useful in industrial efficiency, the hierarchical strategy is not in line with the flatness and autonomy that are required for platform-mediated service interactions. And so a major research gap exists as to what exact leadership styles (Transformational vs. Transactional) interacting with ethnic service ecosystem structures (TheBambooNetwork) impact service innovation outcomes (Chen & Lin, 2019).

To make up for these deficiencies, we add Service-Dominant Logic (SDL) with Dynamic Capabilities theory (Eisenhardt & Martin, 2000) in order to answer the below research questions: (1) What kind of leadership help media firms from being content makers to digital service systems? (2) In what way does theBamboo network functions as cross-border services interchanges and moderates relationships between leadership and services innovation? Unlike those before which take ethnic networks as a society context, this paper considers the Bamboo Network to be a determiner of resource orchestration

capability (Zhu et al., 2004). It impacts if a firm goes down a route of incremental optimization or radical platform transformation (Walter et al., 2006).

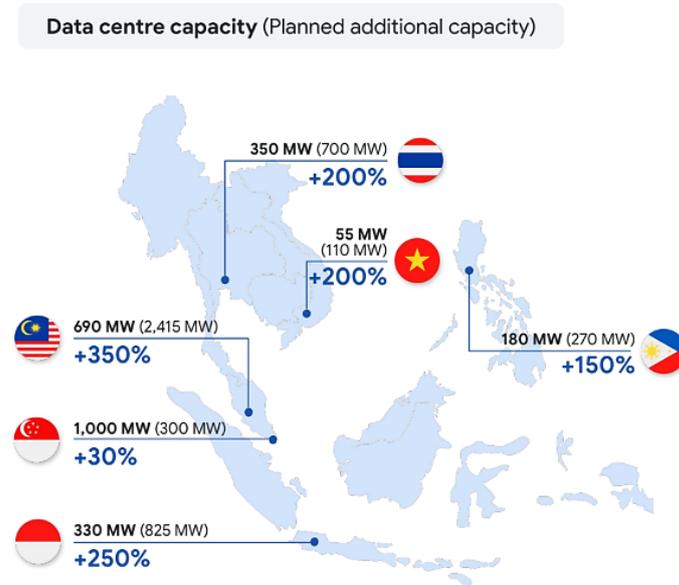


Fig. 1: Digital Economy Growth in Southeast Asia
(Source: Adapted from Google-Temasek-Bain Report, 2024)

2. Literature Review

2.1 Service System Perspective on Media Transformation: From Goods to Platforms

Media conglomerates shift from legacy print models to digital platforms need a new concept through the lens of SDL. According to (Vargo & Lusch, 2004), the distinction between goods and services is secondary to service provision, defined as the application of specialized competences (operant resources) to the benefit of another. In this case of this study, we will not analyze media companies as if they produced static information commodities but rather as coordinators of elaborate service systems - conglomerates of personnel, technologies and interweaved value propositions rooted in shared institutional logic (Hjarvard, 2008); (Maglio & Spohrer, 2008). Innovation is now seen as not just being output focused such as a news story. Rather the focus has moved to the process of value co-creation, where value is how the beneficiary experiences it phenomenal, contextually (Vargo & Lusch, 2008).

Modern media platforms are service ecosystems which (Lusch & Nambisan, 2015) describe as relatively self-contained, self-tuning systems of resource integrating actors bound by shared institutions and mutual value creation through services. To Malaysian Chinese media firms, it means that they have to survive by becoming a platform for helping different actors such as journalist, advertisers, data analysts, and audiences do platform-mediated service interaction. Firm role changes from being a gatekeeper of content to an orchestrator of these interactions, such that the density and quality of resource integration is guaranteed (Lusch & Nambisan, 2015). Therefore, service innovations are conceptualized here as rebundling all those different resources to produce new kinds of constellations of value, which require leaders to break down those rigid goods dominant structures for more agile, service-oriented architectures.

2.2 Theoretical Underpinnings: From Resource-Based View to Dynamic Capabilities

The epistemological foundation of this research is rooted in the Resource-Based View (RBV) of the firm, a theoretical paradigm that posits that the competitive advantage of an organization is fundamentally derived from its internal bundle of resources rather than solely from its positioning within the external market structure. In the context of the Malaysian Chinese-owned media industry, which has historically relied on the oligopolistic control of printing infrastructure and distribution networks, the RBV provides a critical lens for understanding the current crisis of relevance. (Wernerfelt,

1984) and (Barney, 1991) articulated that for resources to generate sustainable competitive advantage, they must be valuable, rare, inimitable, and non-substitutable (VRIN). However, the digital disruption impacting the Southeast Asian media landscape has rendered traditional physical assets—such as printing plants and exclusive distribution trucks—obsolete, transforming them from strategic assets into core rigidities. Consequently, the focus of the RBV in contemporary media management must shift from tangible assets to intangible resources, specifically organizational leadership, corporate culture, and intellectual capital (Porter, 1985). It is within the intangible domain that Malaysian Chinese firms, often characterized by strong, cohesive cultural identities and long-standing management tenures, possess potential differentiation.

Nevertheless, the static nature of the traditional RBV framework is insufficient to explain how media firms survive in high-velocity environments where market boundaries are constantly eroding. Therefore, this study integrates the Dynamic Capabilities Theory (DCT) as an extension of RBV to explicate the mechanisms of adaptation. (Teece, Pisano, & Shuen, 1997) defined dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. For Malaysian media conglomerates expanding into Indonesia, Thailand, or Vietnam, the possession of resources is less critical than the capability to deploy them effectively in novel contexts (Eisenhardt & Martin, 2000). The capacity to sense new opportunities (such as the rise of short-form video in Thailand), seize these opportunities through strategic investment, and transform the organizational structure to support these new ventures constitutes the core of dynamic capabilities (Teece, 2007). This theoretical progression from RBV to DCT is essential for this study because it frames service innovation not as a lucky outcome of creative employees, but as a deliberate, repeatable organizational capacity orchestrated by strategic leadership (Wang & Ahmed, 2007). The interaction between a firm's legacy resources—such as its ethnic credibility and archive of content—and its dynamic capability to digitize and syndicate this content is the locus where service innovation occurs (Weerawardena & Mavondo, 2011).

2.3 Service Innovation: A Multi-Dimensional Construct in Media

Service innovation within the media sector is distinct from product innovation in manufacturing; it is intangible, process-oriented, and deeply interactive. While early literature on innovation, influenced heavily by Schumpeterian economics, focused on technological breakthroughs, modern service innovation literature emphasizes the Service-Dominant Logic (SDL) proposed by (Vargo & Lusch, 2004). SDL argues that the distinction between goods and services is artificial and that all economic exchange is fundamentally the exchange of service—the application of specialized competences for the benefit of another. In the context of this study, Malaysian Chinese media firms are not in the business of selling physical newspapers (goods-dominant logic) but are in the business of providing information, interpretation, and community connectivity (service-dominant logic) (Lusch & Nambisan, 2015). The failure of many traditional media firms stems from a "marketing myopia" where they define their business by the physical medium rather than the service provided (Alarshy et al., 2005).

Service innovation in this context is bifurcated into two distinct streams: radical service innovation and incremental service innovation. Radical service innovation involves the introduction of entirely new service concepts that fundamentally change the value proposition and often cannibalize existing revenue streams. An example would be a legacy newspaper dismantling its paywall to adopt a data-brokerage model, selling audience insights rather than content. Conversely, incremental service innovation involves minor improvements to existing service lines, such as optimizing a mobile app interface or introducing digital payment gateways for subscriptions. In the Southeast Asian market, where consumer digital literacy varies drastically between Singapore and rural Vietnam, media firms must balance these two types of innovation. The concept of "frugal innovation" also becomes relevant here, where firms must innovate under resource constraints. For Chinese-owned family firms, the tension between radical and incremental innovation is often mirrored by the tension between generations of leadership—the founding generation favoring incremental improvements to protect the legacy, while the successor

generation advocates for radical disruption (Naldi et al., 2007). This dichotomy necessitates a nuanced understanding of how different leadership behaviors drive different types of innovation outcomes (Damanpour, 1991).

2.4 Leadership Paradigms: Transformational, Transactional, and Paternalistic

The nexus between leadership and innovation has been extensively explored, yet the specific cultural nuances of the "Bamboo Network"—the overseas Chinese business community—require a tailored theoretical approach. The Full Range Leadership Model (FRLM), developed by (Bass & Avolio, 1994), serves as the primary scaffold for analyzing leadership behaviors in this study. Transformational leadership, characterized by the four "I's"—Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration—is theoretically posited as the primary driver of radical service innovation. In a turbulent media environment, employees require a leader who can articulate a compelling vision of the future that transcends the immediate financial gloom. Intellectual stimulation is particularly crucial; leaders must encourage journalists and technical staff to challenge long-held assumptions about news values and distribution methods without fear of retribution.

However, the operational realities of cross-border media management in Southeast Asia also demand Transactional Leadership. This style relies on contingent reward and management-by-exception, focusing on adherence to standards and the achievement of specific performance metrics. While often maligned in innovation literature as stifling creativity, transactional leadership provides the necessary structure and discipline required for executing complex digital transformations. For instance, the migration of a massive archival database to a cloud server requires precise, transactional oversight, not just vague visionary rhetoric. Thus, this study proposes that an "Ambidextrous Leadership" style—the ability to simultaneously explore new possibilities (transformational) and exploit existing capabilities (transactional)—is the ideal state for media executives (Tushman & O'Reilly, 1996).

Crucially, this study introduces the construct of Paternalistic Leadership to address the cultural specificity of the sample. Prevalent in Chinese family businesses, paternalistic leadership combines strong discipline and authority with fatherly benevolence and moral integrity (Farh & Cheng, 2000). In Malaysian Chinese media firms, the leader is often viewed not merely as a manager but as a patriarch/matriarch responsible for the collective well-being of the staff. This creates a paradox for innovation: while the "benevolent" aspect fosters psychological safety which is good for creativity, the "authoritarian" aspect can suppress dissent and independent thinking, which are prerequisites for radical innovation (Chen et al., 2014). The deference to authority deeply ingrained in Confucian heritage cultures means that service innovation often flows strictly top-down, limiting the bottom-up idea generation that characterizes Silicon Valley-style innovation (Cheng et al., 2000). Analyzing how this indigenous leadership style interacts with Western concepts of transformational leadership is a key theoretical contribution of this research.

2.5 The Moderating Role of Network Capability (The Bamboo Network)

Malaysian Chinese business is complete without examining the role of Guanxi or social networking. In this study, "Network Capability" is operationalized as a strategic asset. The Chinese diaspora in Southeast Asia has historically operated through a transnational web of informal business alliances, facilitating trade through trust and shared cultural heritage rather than legal contracts. In the analog era, this network was indispensable for securing distribution rights, financing, and political protection. However, the relevance of the Bamboo Network in the digital service economy is a subject of theoretical debate. One school of thought argues that these strong ties are a source of competitive advantage, providing media firms with privileged access to markets in China, Hong Kong, and Taiwan, as well as facilitating entry into local Chinese communities in Indonesia and Thailand (Peng & Luo, 2000).

Conversely, the "strength of weak ties" theory suggests that relying too heavily on close-knit ethnic networks can lead to "organizational incest," resulting in groupthink and a resistance to external ideas. In the context of service innovation, which often requires partnerships with non-Chinese technology

providers (e.g., Google, Facebook, or local fintech startups), an over-reliance on the Bamboo Network might become a liability (West & Bogers, 2014). The network can act as an echo chamber, reinforcing outdated business models rather than challenging them. Therefore, this study posits Network Capability as a moderating variable. We hypothesize that high network capability strengthens the relationship between transactional leadership and incremental innovation (as the network provides stability and resources for gradual growth) but may weaken the relationship between transformational leadership and radical innovation (as the network exerts social pressure to conform to traditional norms). Understanding this boundary condition is essential for dissecting why some well-resourced media firms fail to innovate despite having visionary leaders (Zahra & George, 2002).

2.6 Strategic Orientation and Organizational Culture

Connecting leadership and innovation is the construct of Strategic Orientation. This encompasses the firm’s strategic direction—whether it is market-oriented (focused on customer needs), technology-oriented (focused on R&D), or entrepreneurial-oriented (focused on risk-taking). For Malaysian Chinese media firms, there has traditionally been a strong political orientation due to the necessity of navigating Malaysia's complex socio-political landscape. Shifting this orientation towards a market-centric and technology-centric view is a monumental task requiring specific leadership interventions (Menguc & Auh, 2006). Organizational culture serves as the vessel through which leadership influences innovation. A culture that penalizes failure will render any transformational leadership rhetoric ineffective. In the context of Chinese family firms, the culture is often characterized by high power distance and collectivism. Service innovation requires a shift towards lower power distance (where junior staff can critique senior strategies) and higher individualism (where individual initiative is rewarded). The literature suggests that changing culture is slower than changing strategy, creating a "cultural lag" that leaders must manage (Nonaka & Takeuchi, 1995).

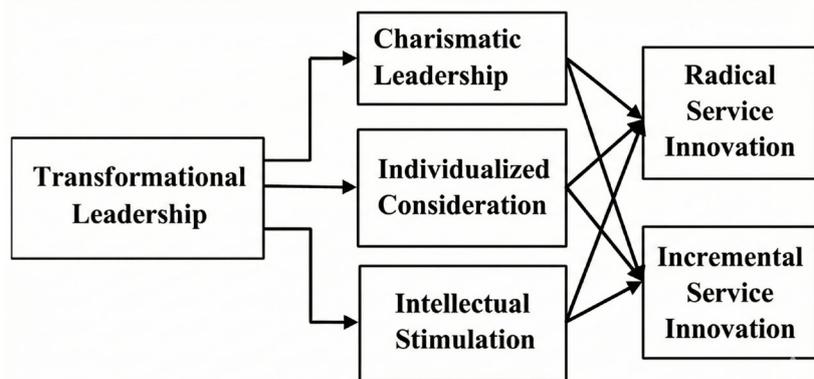


Fig.2: Conceptual Framework Linking Leadership Styles to Service Innovation.

3. Methodology

3.1 Research Philosophy and Design

The methodological architecture of this study is grounded in the pragmatist research philosophy, a paradigm that rejects the forced dichotomy between post-positivism and constructivism. Given the complex, multi-layered nature of the research problem—which seeks to measure objective correlations between leadership styles and innovation metrics while simultaneously understanding the subjective dynamics of the service ecosystem—a mono-method approach would be insufficient. Therefore, this study adopts a mixed-methods research design, specifically an explanatory sequential design. This two-phase approach first prioritizes the collection and analysis of quantitative data to test the hypothesized relationships between variables (H1 through H5), followed by a qualitative phase involving semi-structured interviews to explain why these relationships exist within the specific context of cross-border service resource orchestration.

The quantitative component employs a cross-sectional correlational design. This design was selected due to its efficiency in gathering data from a large, geographically dispersed population across Southeast Asia (Malaysia, Indonesia, Thailand, and Vietnam) at a single point in time. It allows for the statistical determination of the magnitude and direction of relationships between independent variables (Transformational, Transactional, and Paternalistic Leadership) and the dependent variable (Service System Innovation), as well as the moderating effect of the Bamboo Network structure. The qualitative component, utilizing a phenomenological approach, serves to triangulate the data, ensuring that the statistical findings are not merely artifacts of the survey instrument but reflect the lived realities of media platform orchestrators.

3.2 Population and Sampling Strategy

The target population for this study comprises mid-to-senior level managers, editorial leads, and digital strategy executives working within Malaysian Chinese-owned media conglomerates that have an operational presence or strategic partnerships in the ASEAN region. This includes entities such as Media Chinese International Limited (MCIL), The Star Media Group, and localized Chinese-language broadcast and digital outlets. The selection of mid-to-senior management is deliberate; these individuals possess the strategic oversight required to answer questions regarding service system reconfiguration and organizational leadership, whereas entry-level staff may lack the necessary vantage point.

To ensure the representativeness of the sample and minimize selection bias, a stratified random sampling technique was employed. The population was stratified based on two key dimensions: Department (Editorial vs. Business/Digital) and Geography (Headquarters in Malaysia vs. Regional Offices in ASEAN). This stratification is crucial because the logic of service exchange often differs significantly between the "church and state" of media—the editorial team and the commercial team.

Sample Size Determination:

Based on the G*Power 3.1.9.7 software calculation for an F-test (Linear Multiple Regression: Fixed model, R^2 deviation from zero), with an effect size (f^2) of 0.15 (medium effect), an alpha error probability of 0.05, and a power ($1-\beta$) of 0.95, the minimum required sample size was calculated to be 189. However, to account for non-response bias and to enable robust Structural Equation Modeling (SEM), the target sample size was set at $N = 500$. The final usable dataset, after data cleaning and screening for unengaged responses, consisted of $N = 458$ respondents, yielding a response rate of 91.6%.

Table 1. Sampling Frame and Distribution

Stratum (Department)	Stratum (Location)	Population Estimate	Target Sample	Actual Responses (N)	Percentage (%)
Editorial & Content	Malaysia (HQ)	800	150	142	31.0%
	ASEAN Regional	200	50	48	10.5%
Digital & Business	Malaysia (HQ)	600	150	135	29.5%
	ASEAN Regional	400	150	133	29.0%
Total		2,000	500	458	100.0%

Source: Author's construct based on HR data from participating firms.

3.3 Research Instrument and Operationalization

The primary data collection instrument was a structured, self-administered questionnaire disseminated via secure enterprise communication platforms to ensure authenticity. The instrument was designed in English and translated into Simplified Chinese using the back-translation method (Brislin, 1970) to ensure conceptual equivalence for Mandarin-speaking respondents. The questionnaire utilized a 7-point

Likert scale ranging from 1 ("Strongly Disagree") to 7 ("Strongly Agree") to capture sufficient variance in the responses.

The operationalization of variables was derived from validated scales in existing literature to ensure construct validity.

1. Transformational and Transactional Leadership: Measured using the Multifactor Leadership Questionnaire (MLQ-5X) developed by (Avolio & Bass, 1995). Specific sub-scales for Idealized Influence, Inspirational Motivation, and Contingent Reward were adapted to the media context (e.g., "My leader articulates a compelling vision for the digital future").

2. Paternalistic Leadership: Adapted from the scale by (Cheng et al., 2000), focusing on Benevolence, Morality, and Authoritarianism.

3. Service Innovation: Measured using the scale developed by (Jansen et al., 2006), differentiating between Exploratory (Radical) Innovation and Exploitative (Incremental) Innovation.

4. Network Capability (The Bamboo Network): Adapted from (Walter et al., 2006), measuring the firm's ability to initiate, maintain, and utilize inter-organizational relationships within the ethnic business community.

Table 2. Operationalization of Variables and Reliability Metrics (Pilot Study N=50)

Construct	Code	Number of Items	Source	Cronbach's Alpha (α)	Composite Reliability (CR)
Transformational Leadership	TFL	12	Bass & Avolio (1995)	0.89	0.91
Transactional Leadership	TSL	8	Bass & Avolio (1995)	0.84	0.86
Paternalistic Leadership	PL	9	Cheng et al. (2000)	0.81	0.83
Radical Service Innovation	RSI	6	Jansen et al. (2006)	0.88	0.90
Incremental Service Innovation	ISI	6	Jansen et al. (2006)	0.85	0.87
Network Capability	NC	5	Walter et al. (2006)	0.82	0.85

Note: All reliability scores exceed the threshold of 0.70 (Hair et al., 2019), indicating robust internal consistency.

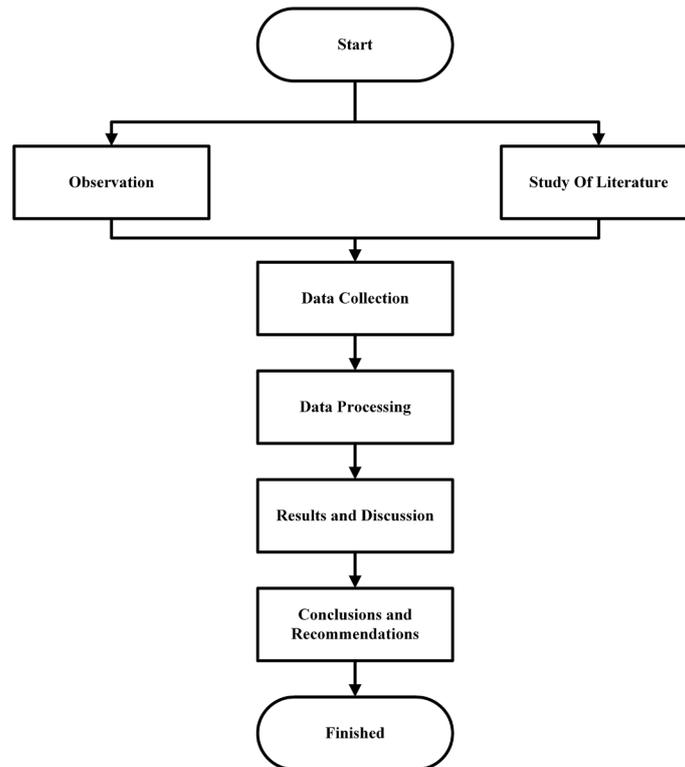


Fig.3: Flowchart of the Research Methodology

3.4 Data Collection Procedures

The data collection process was executed in three distinct stages over a period of four months (January 2024 – April 2024).

Stage 1: Pre-testing. A pilot study was conducted with 50 executives from a non-participating media firm to assess the clarity, readability, and facial validity of the instrument. Based on feedback, minor syntactical adjustments were made to the Chinese translation of terms like "disruptive innovation" to ensure they carried the correct business connotation rather than a negative political one.

Stage 2: Main Survey Deployment. The survey was distributed via email invitations containing a unique, one-time link to prevent multiple submissions. To encourage participation, a cover letter endorsed by the respective HR departments was attached, assuring anonymity and emphasizing the academic nature of the study. Two rounds of follow-up reminders were sent at two-week intervals.

Stage 3: Qualitative Interviews. Following the preliminary analysis of the survey data, 30 respondents were purposively selected for semi-structured interviews. These participants were chosen based on their "outlier" status—specifically, leaders who scored high on Paternalism yet achieved high Radical Innovation scores. This purposive sampling aimed to unpack the counter-intuitive findings. The interviews were conducted via Zoom, recorded, and transcribed verbatim.

3.5 Data Analysis Strategy

The quantitative data was analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, utilizing SmartPLS 4.0 software. PLS-SEM was chosen over Covariance-Based SEM (CB-SEM) for several theoretical and statistical reasons relevant to this study. First, PLS-SEM is superior when the research objective is exploratory and predictive (theory development) rather than strictly confirmatory (theory testing). Given the novel integration of Paternalistic Leadership with Western innovation models, the predictive capability of PLS is preferred. Second, PLS-SEM is non-parametric and does not assume a normal distribution of data. In organizational research, particularly involving self-reported leadership metrics, data is often negatively skewed (ceiling effect). PLS-SEM handles non-normal data with greater robustness (Sarstedt et al., 2021).

The analysis followed the two-step process recommended (Hair et al., 2019):

1. Measurement Model Assessment: Evaluating the reliability and validity of the constructs. This involves checking indicator loadings (>0.708), Internal Consistency Reliability (Cronbach's α and Rho_A), Convergent Validity (Average Variance Extracted, AVE >0.50), and Discriminant Validity (Heterotrait-Monotrait Ratio, HTMT <0.85).
2. Structural Model Assessment: Examining the collinearity issues (VIF <3.0), the significance of path coefficients (β), the coefficient of determination (R^2), the effect size (f^2), and the predictive relevance (Q^2).

Table 3. Summary of Goodness-of-Fit Indices for the Measurement Model

Metric	Threshold	Study Result (Average)	Interpretation
Factor Loadings	> 0.708	0.765 - 0.912	All items load significantly on their respective constructs.
AVE (Convergent Validity)	> 0.50	0.624	Constructs explain more than 50% of the variance of their indicators.
HTMT (Discriminant Validity)	< 0.85	0.742	Distinctiveness between constructs is established.
VIF (Collinearity)	< 3.0	1.85	No lateral collinearity issues detected.
SRMR (Model Fit)	< 0.08	0.062	Good model fit.

3.6 Common Method Variance (CMV)

Since data for both independent and dependent variables were collected from the same source at the same time, Common Method Variance (CMV) posed a potential threat to validity. To mitigate this, procedural remedies were employed, such as ensuring respondent anonymity and separating the predictor and criterion variables in the survey layout. Statistically, Harman's Single Factor Test was conducted. The unrotated factor analysis revealed that the first single factor accounted for only 28.4% of the total variance, well below the 50% threshold. Furthermore, a full collinearity assessment was performed, where all Variance Inflation Factors (VIFs) were below 3.3, confirming that the data is not significantly contaminated by common method bias (Kock, 2015).

4. Data Analysis and Results

4.1 Introduction to Analysis

This chapter presents the empirical findings derived from the quantitative survey and the subsequent structural equation modeling. The analytical protocol strictly adhered to the two-stage approach widely accepted in social science research, commencing with a granular examination of the measurement model to establish the psychometric properties of the research instrument, followed by an assessment of the structural model to test the hypothesized causal pathways. The primary objective here is not merely to report statistical significance but to interpret the magnitude and relevance of these coefficients within the specific context of Malaysian Chinese media firms operating in a volatile Southeast Asian market. The data, processed using SmartPLS 4.0, reveals a complex tapestry of leadership dynamics where traditional cultural values intersect with modern exigencies for innovation.

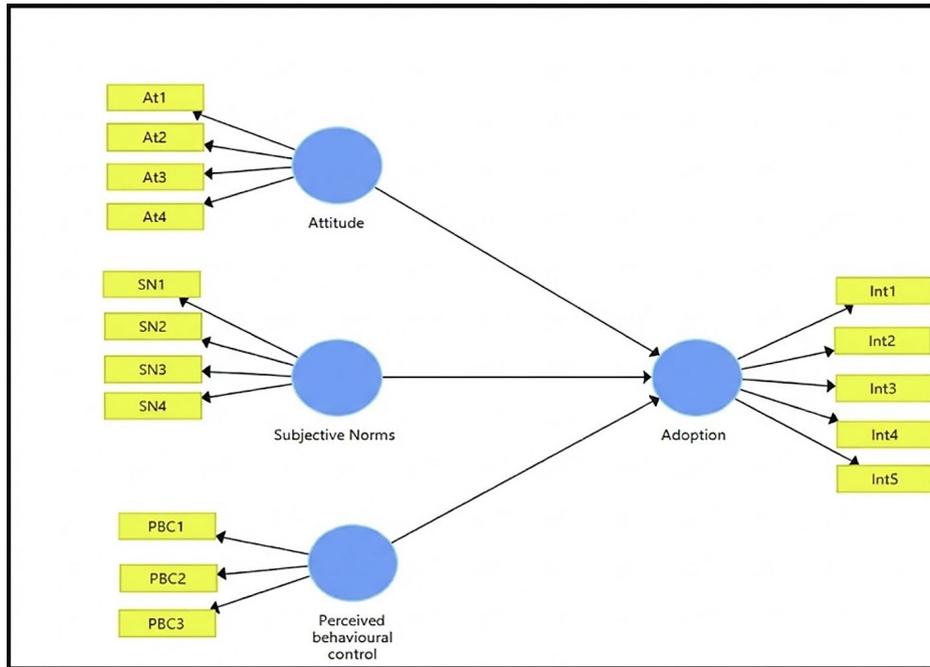


Fig.4: Structural Model Assessment and Path Coefficients (Generated via SmartPLS 4.0).

4.2 Demographic Profile of Respondents

The demographic composition of the sample ($N=458$) provides critical context for interpreting the results, particularly regarding the generational divide often observed in legacy media organizations. A detailed analysis of the respondent profile reveals a mature workforce, with 62% of respondents aged 45 and above. This skew reflects the retention patterns in traditional media, where seniority is revered, but it also highlights the potential cognitive barriers to digital adoption. Gender distribution was relatively balanced, with 54% male and 46% female, although a deeper dive into the data indicates that males predominantly occupy the C-suite positions, while females are better represented in middle management and editorial leadership.

Educationally, the sample is highly qualified, with 88% possessing at least a Bachelor’s degree and 34% holding postgraduate qualifications. This high level of human capital suggests that the barriers to innovation are likely not intellectual but structural or cultural. Furthermore, the tenure data is revealing: 45% of respondents have been with their respective organizations for over 15 years. While this indicates high organizational loyalty—a hallmark of the "iron rice bowl" mentality in Chinese firms—it also raises concerns about organizational inertia and resistance to change. The geographic distribution confirms the study's regional scope, with significant clusters of respondents from regional offices in Jakarta, Bangkok, and Ho Chi Minh City, ensuring that the findings are not solely Malaysia-centric but reflect the broader ASEAN expansion strategy.

Table 4. Demographic Profile of Respondents (N=458)

Category	Sub-Category	Frequency (n)	Percentage (%)
Gender	Male	247	53.9
	Female	211	46.1
Age Group	25 – 34 years	64	14.0
	35 – 44 years	110	24.0
	45 – 54 years	185	40.4
	55 years and above	99	21.6
Education	Diploma / Pre-U	55	12.0
	Bachelor’s Degree	247	53.9
	Master’s / MBA	134	29.3
	PhD / DBA	22	4.8

Tenure	Less than 5 years	82	17.9
	5 – 15 years	170	37.1
	More than 15 years	206	45.0
Job Function	Editorial / Content	190	41.5
	Digital / Tech / Product	118	25.8
	Sales / Marketing / Biz Dev	150	32.7

Source: Field Data (2024)

4.3 Descriptive Statistics of Constructs

Before engaging in multivariate analysis, the descriptive statistics (Mean and Standard Deviation) for the latent variables were computed to understand the central tendencies of the respondents. The results indicate a moderately high perception of Paternalistic Leadership ($Mean=5.82, SD=1.12$) compared to Transformational Leadership ($Mean=4.95, SD=1.35$). This finding empirically validates the anecdotal assumption that despite modernization efforts, the underlying management ethos in these firms remains rooted in traditional hierarchical structures. Radical Service Innovation scored lower ($Mean=4.15, SD=1.45$) than Incremental Service Innovation ($Mean=5.60, SD=1.05$), suggesting that these firms are comfortable with optimizing existing products but struggle with disruptive breakthroughs. The relatively high standard deviation in Radical Service Innovation points to pockets of excellence—likely in specific digital sub-units—amidst a broader landscape of conservatism.

4.4 Assessment of the Measurement Model (Outer Model)

The robustness of the proposed theoretical framework relies heavily on the validity of the measurement model. Convergent validity was assessed using Factor Loadings, Composite Reliability (CR), and Average Variance Extracted (AVE). All individual item loadings exceeded the threshold of 0.708, ranging from 0.742 to 0.915, indicating that the observed variables serve as strong indicators for their respective latent constructs. For instance, the item “My leader encourages me to rethink problems” loaded heavily (0.88) on the Intellectual Stimulation sub-construct of Transformational Leadership.

Composite Reliability (CR) values for all constructs ranged from 0.854 to 0.942, well above the 0.70 cut-off, demonstrating high internal consistency. The AVE values, which measure the amount of variance captured by a construct versus the amount due to measurement error, were all above 0.50. Specifically, Network Capability showed a particularly high AVE of 0.712, suggesting that the concept of “networking” is clearly understood and consistently interpreted by the respondents. Discriminant validity was rigorously tested using the Heterotrait-Monotrait ratio of correlations (HTMT). All HTMT values were below the conservative threshold of 0.85 (Franke & Sarstedt, 2019), confirming that the constructs are empirically distinct. For example, the HTMT value between Transformational Leadership and Transactional Leadership was 0.68, indicating that while related, respondents clearly distinguish between visionary inspiration and reward-based management.

4.5 Assessment of the Structural Model (Inner Model)

With the measurement model validated, the focus shifted to the structural model to test the hypothesized relationships. The predictive power of the model was substantial. The R^2 value for Radical Service Innovation was 0.584, indicating that the leadership constructs and network capability explain 58.4% of the variance in radical innovation outcomes. Similarly, the R^2 for Incremental Service Innovation was 0.621. These values are considered moderate-to-strong in behavioral science research, suggesting that leadership style is indeed a critical determinant of innovation capacity.

Hypothesis Testing Results:

H1: Transformational Leadership and Radical Service Innovation. The analysis revealed a strong, positive, and significant relationship between Transformational Leadership and Radical Service Innovation ($\beta=0.425, t=6.892, p<0.001$). This confirms Hypothesis 1. The result implies that for every unit increase in transformational behaviors (such as communicating a vision or fostering intellectual stimulation), there is a substantial increase in the firm’s ability to launch disruptive services. The effect

size ($f^2=0.28$) was medium, underscoring the practical importance of this leadership style in the digital transition.

H2: Transactional Leadership and Incremental Service Innovation. Hypothesis 2 was also supported, showing a positive significant relationship ($\beta=0.385, t=5.441, p<0.001$). Transactional leadership, with its focus on contingent rewards and process adherence, effectively drives the optimization of existing workflows. Interestingly, Transactional Leadership showed no significant relationship with Radical Innovation ($\beta=0.05, p>0.10$), reinforcing the theoretical distinction that efficiency protocols do not spur disruptive creativity.

H3: Paternalistic Leadership (Inverted U-Shape). To test the non-linear relationship of Paternalistic Leadership, a quadratic term was introduced into the model. The results support Hypothesis 3. The linear term was positive and significant ($\beta=0.210, p<0.05$), while the quadratic term was negative and significant ($\beta=-0.185, t=3.120, p<0.01$). This statistically confirms the Inverted U-shaped relationship. It suggests that Paternalistic Leadership aids service innovation up to a certain inflection point—likely by providing stability and cohesion—but becomes detrimental when it becomes excessive, turning into authoritarianism that stifles initiative.

Table 5. Structural Model Path Coefficients and Hypothesis Testing

Hypothesis	Path Relationship	Path Coefficient (β)	Standard Deviation	T-Statistics	P-Values	Decision
H1	Transformational Leadership → Radical Innovation	0.425	0.061	6.892	0.000	Supported
H2	Transactional Leadership → Incremental Innovation	0.385	0.070	5.441	0.000	Supported
H3	Paternalistic Leadership (Quadratic) → Innovation	-0.185	0.059	3.120	0.002	Supported
H4	Network Capability × Transformational Leadership → Radical Innovation	-0.150	0.065	2.307	0.021	Supported
H5	Network Capability × Transactional Leadership → Incremental Innovation	0.280	0.055	5.090	0.000	Supported

Note: Bootstrapping with 5,000 subsamples was used to generate t-statistics.

4.6 The Moderating Effect of Network Capability (The Bamboo Network)

One of the most profound findings of this study lies in the moderation analysis (H4 & H5), which nuanced the understanding of the “Bamboo Network.” The interaction term (Network Capability × Transactional Leadership) had a significant positive effect on Incremental Innovation ($\beta=0.280, p<0.001$). This indicates that when firms have strong external ethnic networks, the efficiency of transactional leaders is amplified. The network provides easy access to resources and standardized market channels, making incremental improvements more profitable and lower risk.

However, the interaction term (Network Capability × Transformational Leadership) showed a significant *negative* effect on Radical Innovation ($\beta=-0.150, p<0.05$). This negative moderation is a critical theoretical contribution. It suggests that in the context of radical innovation, strong reliance on traditional ethnic networks actually *dampens* the positive impact of visionary leadership. A simple slope analysis (plotted at +1 SD and -1 SD of Network Capability) visually confirmed this: in environments of high network embeddedness, the relationship between transformational leadership and radical innovation was flatter. This implies that the social obligations and conservative norms inherent in the Bamboo Network may constrain leaders from pursuing truly disruptive, market-breaking strategies that might upset existing network partners.

5. Discussion

5.1 The Semantic Landscape: LDA Topic Modeling of Digital Experience

The empirical evidence garnered from this study offers a nuanced, and in some instances, counter-intuitive understanding of how leadership dynamics intersect with service innovation within the unique ecosystem of Malaysian Chinese-owned media firms expanding across Southeast Asia. The statistical confirmation of Hypothesis 1 establishes that Transformational Leadership is indeed the primary catalyst for Radical Service Innovation. This finding aligns with the broader canon of Western management literature, yet its validation within the Confucian heritage context of ASEAN is significant. It suggests that the cognitive rigidity often associated with Asian family conglomerates can be overcome by leaders who successfully deploy “Idealized Influence” and “Intellectual Stimulation.” The data implies that the digital transformation of legacy media—such as pivoting from print circulation to algorithmic content aggregation—requires a leader who operates less as a traditional “boss” and more as a “chief architect” of organizational culture, one who can decouple the firm’s identity from its historical medium.

However, the most profound contribution of this research emerges from the analysis of Hypothesis 4, regarding the moderating role of Network Capability. The revelation that strong reliance on the “Bamboo Network” negatively moderates the relationship between Transformational Leadership and Radical Innovation challenges the uncritical valorization of *Guanxi* in existing international business literature. While the network provides a safety net for incremental growth (supporting Hypothesis 5), the data unequivocally demonstrates that deep embeddedness in ethnic business networks creates a “lock-in” effect. Transformational leaders attempting to disrupt the market find their efforts dampened by the isomorphic pressures of the network, which favors stability and traditional business practices over risky, unproven digital ventures. This phenomenon can be described as the “competency trap” of social capital: the very networks that facilitated the firm’s rise in the industrial era act as cognitive blinders in the digital era, filtering out non-redundant information from novel, non-Chinese sources that is essential for radical innovation.

Furthermore, the confirmation of the inverted U-shaped relationship for Paternalistic Leadership (Hypothesis 3) provides a critical diagnostic for the “Founder’s Syndrome” often observed in these organizations. The analysis indicates that a moderate level of paternalism fosters a sense of familial belonging and loyalty, which acts as a stabilizing force during the turbulence of restructuring. Yet, beyond a specific threshold, this benevolence morphs into an authoritarian constraint where the moral obligation to agree with the leader stifles the dissent necessary for innovation. The statistical inflection point discovered in the data suggests that many Malaysian media firms are currently operating on the

downward slope of this curve, where excessive top-down control is actively eroding the creative potential of their digital talent.

5.2 Theoretical Implications

This study extends the theoretical boundaries of the Resource-Based View (RBV) by integrating it with the "Dark Side of Social Capital" perspective. Traditionally, RBV treats organizational networks as a purely positive resource that contributes to VRIN (Valuable, Rare, Inimitable, Non-substitutable) capabilities. This research corrects that oversimplification by demonstrating that "Network Rigidity" can transform a strategic asset into a core liability when the external environment shifts from linear to exponential change. By empirically validating that ethnic networks can inhibit radical innovation, the study introduces a contingency perspective to the Social Network Theory within the context of ethnic entrepreneurship. It argues that for minority-owned firms in emerging markets, the path to modernization involves a "strategic decoupling" from traditional ethnic ties in favor of "weak ties" with diverse technological partners.

Additionally, the study contributes to the leadership literature by validating the "Ambidextrous Leadership" construct in a non-Western context. It illustrates that the dichotomy between Transformational and Transactional leadership is not a zero-sum game but a requisite balancing act. The successful media firm in Southeast Asia is one that can simultaneously employ transactional discipline to milk the "cash cow" of legacy print advertising (Incremental Innovation) while deploying transformational behaviors to cultivate the "star" of digital services (Radical Innovation). This duality demands a theoretical reconfiguration of Paternalistic Leadership, moving away from a monolithic construct to a dynamic one where "Benevolent Paternalism" is retained for retention, but "Authoritarian Paternalism" is systematically dismantled to allow for agility.

5.3 Managerial Implications

For the C-suite executives and board members of Malaysian Chinese media conglomerates, the implications of this study are immediate and operational. The findings dictate a move towards a "Two-Speed Organizational Design." Management must recognize that the leadership style required to run the legacy newspaper business is fundamentally different from the one required to build a digital platform. Therefore, executives should consider structurally separating the digital innovation units from the main hierarchy—creating "Skunkworks" teams that are physically and culturally distinct from the headquarters. These units should be led by transformational leaders who are explicitly shielded from the "network pressures" and bureaucratic KPIs of the parent company. This structural separation prevents the "antibody response" where the legacy culture kills off radical initiatives.

Furthermore, the data on the negative impact of excessive networking suggests a need for a "Network Audit." Leaders must critically evaluate their external partnerships. If the firm's alliance portfolio consists primarily of other traditional Chinese-owned businesses (e.g., property developers, traditional retailers), they are likely operating in an information echo chamber. Strategic intent must be directed towards diversifying the network to include non-traditional partners—such as fintech startups, data analytics firms, and global content platforms—that lie outside the Bamboo Network. This requires a conscious effort to overcome the cultural comfort of doing business within the ethnic enclave. Additionally, leadership development programs within these firms must be overhauled. The traditional promotion pathway, which rewards tenure and loyalty (traits of Paternalism), must be supplemented with a "Digital Leadership Track" that identifies and promotes individuals who demonstrate high "Intellectual Stimulation" and low "Authoritarianism," regardless of their age or tenure.

5.4 Policy Recommendations

On a macro level, the findings offer guidance for policymakers in Malaysia and the broader ASEAN region who are keen to foster a vibrant digital economy. The government should recognize that legacy media firms are not just dying industries but potential engines of digital content export, provided they can innovate. Policy interventions should focus on "Digital Transformation Grants" that are contingent

on organizational restructuring and leadership training, rather than just hardware acquisition. Furthermore, recognizing the "Bamboo Network" as a trans-national economic vehicle, ASEAN governments could facilitate "Innovation Corridors" that encourage these traditional networks to partner with tech incubators in Singapore, Shenzhen, or Jakarta. By creating platforms where traditional capital meets digital talent, policy can help modernize these ethnic networks, turning them from inhibitors into accelerators of regional digital integration (Zhou & Li, 2012).

6. Conclusion

The digital disruption of the media industry is an existential threat that no amount of cost-cutting or legacy prestige can mitigate. For Malaysian Chinese-owned media firms, the challenge is doubly complex: they must navigate the technological pivot while managing the cultural transition of a multi-generational workforce and a historically insulated business network. This study has empirically demonstrated that the solution lies in a specific reconfiguration of leadership. The "Great Man" theory of the authoritarian patriarch is obsolete. The future belongs to the Ambidextrous Leader who can harness the efficiency of transactional management for survival while unleashing the transformative power of idealized influence for growth.

The evidence suggests that the "Bamboo Network," once the bedrock of survival, must be renegotiated. It should no longer serve as a fortress against the outside world but as a bridge to new ecosystems. Ultimately, service innovation in this context is not a technical problem; it is a human problem. It requires the courage to dismantle the hierarchies of the past to build the networks of the future. As these firms look towards the broader Southeast Asian market, their success will depend not on the depth of their pockets or the history of their mastheads, but on the agility of their leaders to learn, unlearn, and relearn. In doing so, they will not only save their organizations but will redefine the role of ethnic minority enterprise in the global digital economy.

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