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Implementing Blue Ocean Leadership to Improve Productivity in Automotive Manufacturing

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Abstract
Purpose: This study aims to analyse improvements in employee productivity through the application of the Blue Ocean Leadership method in an automotive manufacturing company.
Research Methodology: This research employs a qualitative case study approach based on the Blue Ocean Leadership framework. Data were collected through in-depth interviews, direct observation, analysis of productivity performance indicators, descriptive statistical analysis, and mapping of management practices implemented at PT Enkei Marutoyo Painting Indonesia.
Result: The findings indicate an increase in labour productivity, clearer role alignment, a reduction in non-value-adding managerial activities, higher levels of employee engagement, and more effective leadership practices following the implementation of Blue Ocean Leadership principles.
Conclusions: The results demonstrate that Blue Ocean Leadership implementation across all leadership levels effectively bridges the gap between employees' potential and their actual performance, resulting in improved labor productivity, enhanced role clarity, increased employee engagement, and more effective leadership practices within the automotive manufacturing sector.
Limitations: This study is limited to a single company, one specific department, and a defined observation period, which may restrict the generalizability of the findings.
Contributions: This research contributes to studies on leadership, operational management, and human resource development by providing empirical evidence on the effectiveness of Blue Ocean Leadership in enhancing productivity within the automotive manufacturing sector.

Keywords: *Automotive Manufacturing, Blue Ocean Leadership, Employee Productivity, Leadership Implementation, Productivity Improvement*

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1. Introduction

The automotive manufacturing industry currently faces increasingly complex challenges, including intense global competition, pressure to enhance operational efficiency, and demands for continuous innovation. These dynamics have placed European automotive manufacturers under strain as they attempt to remain competitive amid rapid technological change and shifting consumer preferences, while Japanese automotive firms face mounting competition from Chinese manufacturers. In response to these conditions, automotive companies increasingly emphasize strategic decision-making to sustain market relevance, including the optimization of customer database management as a means of strengthening market penetration (Kurniawati & Artaningrum, 2024). Within this competitive environment, productivity and performance are widely recognized as central indicators of organizational resilience and competitiveness, yet the mechanisms through which these outcomes are

shaped remain a subject of ongoing scholarly debate (Andriani, Fadjar, Muzakir, & Tambaru, 2025; Anna & Patrucco, 2025).

Despite extensive investments in technology, process optimization, and market strategy, many automotive manufacturing firms continue to experience persistent fluctuations in productivity and performance. This pattern suggests that structural and technological interventions alone may be insufficient to fully account for operational outcomes. Recent organizational studies increasingly point to leadership as a critical variable influencing how operational strategies are translated into day-to-day practices at the shop-floor level. However, leadership is frequently framed in the literature as a normative managerial remedy rather than being examined as a theoretically grounded organizational mechanism that shapes employee behavior, engagement, and performance. In this context, Blue Ocean Leadership is not positioned in this study as a prescriptive solution, but rather as an analytical framework for examining how leadership activities are structured, enacted, and experienced within organizations (Suyatman, Zulfa, & Hidayat, 2025).

Blue Ocean Leadership has emerged in recent literature as an extension of Blue Ocean Strategy that shifts the focus of strategic innovation from market competition toward leadership practices within organizations. Rather than emphasizing rivalry, this model highlights value innovation through the reconfiguration of leadership activities, with the aim of unlocking latent employee capabilities and redirecting organizational energy toward high-impact actions. Existing studies conceptualize Blue Ocean Leadership as a framework for understanding how leadership behaviors and activity allocation may influence organizational dynamics, rather than as a direct determinant of performance outcomes (Ansari, 2025; Mubarok & Hidayat, 2024).

Operational improvement initiatives often fail to produce sustained results, particularly when leadership practices are misaligned with organizational goals and employee expectations (Ramdhany & Ramdani, 2025). Prior research indicates that leadership does not operate as a singular causal factor but interacts with organizational structures, communication patterns, and employee perceptions, potentially influencing morale, productivity, and performance outcomes. In the context of a Japanese automotive manufacturing company, PT. Enkei Marutoyo Painting Indonesia, which produces car rims with a monthly target of 100,000 units, productivity and employee performance instability were observed throughout 2024. Complaints raised by middle- and lower-level employees regarding top management leadership coincided with these fluctuations, suggesting the presence of organizational and leadership-related dynamics that warrant further analytical investigation rather than simple causal attribution (Devies, Pacheco, Haynes, Drummond, & Estrella-Padilla, 2025; Qin, 2025).

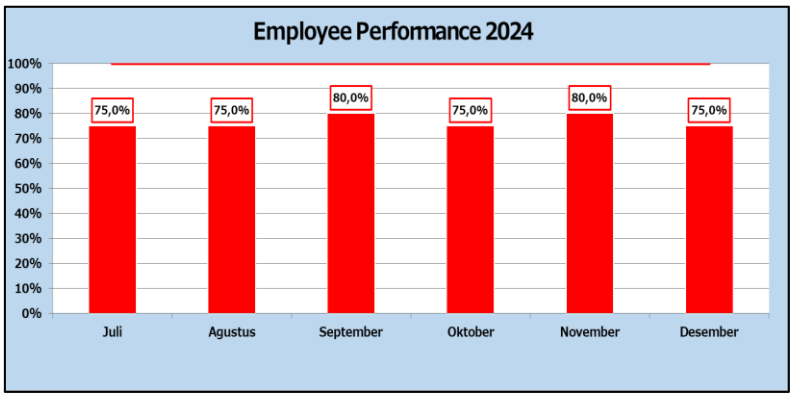

Figure 1. Performance assessment ratio of PT. Enkei Marutoyo Painting Indonesia in 2024

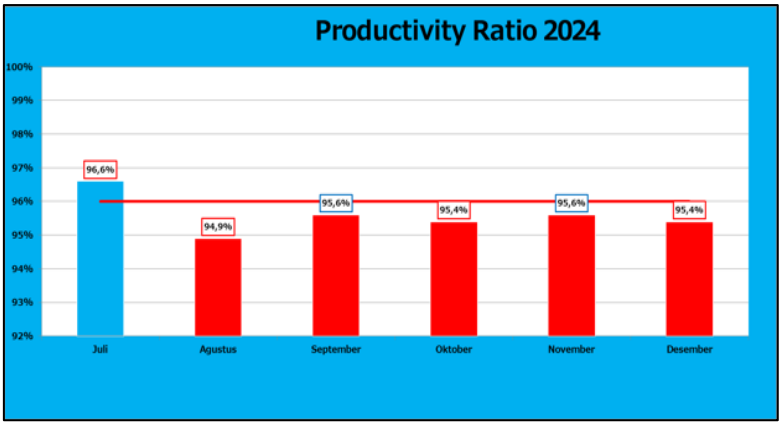

Figure 2. Productivity ratio of PT. Enkei Marutoyo Painting Indonesia in 2024

Figures 1 and 2 illustrate sustained instability in employee performance and productivity between July and December 2024, during which organizational targets were consistently unmet. Rather than indicating a purely technical or procedural deficiency, these patterns suggest a potential gap between employee capacity and the effective mobilization of that capacity within the organizational system. This gap has been conceptualized in prior studies as an "ocean of untapped talent and energy," referring to the disconnect between the potential contributions of employees and their actual realization in the workplace (Bakar & Connaughton, 2025; Saefullah, Hidayatullah, Fadli, & Candra, 2025). Such conditions invite further inquiry into how leadership activities may shape the translation of employee potential into measurable performance outcomes.

Previous studies on Blue Ocean Leadership in the automotive industry, particularly in the Malaysian context, suggest that the concept may function as a mediating variable between Lean Manufacturing practices and organizational performance. However, these studies explicitly acknowledge methodological limitations, including a focus on top management and the exclusion of middle- and frontline leadership levels. Similarly, research conducted within the Indonesian automotive industry indicates that Blue Ocean Leadership remains underexplored, particularly with regard to its application within local organizational cultures and hierarchical structures (Azmy & Sigalingging, 2025; Novianto, Amelia, Zahro, & Anshori, 2025). These limitations point to a critical research gap concerning how leadership activities across multiple organizational levels interact with productivity and performance dynamics.

Accordingly, this study seeks to address the following research question: How are leadership actions and activities aligned with Blue Ocean Leadership principles enacted across top, middle, and frontline management levels, and through what mechanisms do these practices influence employee productivity and performance within an automotive manufacturing company?

This study contributes theoretically by repositioning Blue Ocean Leadership from a normative managerial prescription to an analytical framework for examining leadership–performance relationships in manufacturing organizations. By situating leadership within broader organizational and operational contexts, the study advances understanding of the role of human factors in shaping sustainable productivity outcomes. Practically, the findings offer insights into leadership development as a strategic organizational resource, complementing technological and process-based interventions, and informing managerial approaches to enhancing employee engagement and operational performance (Dwiarto & Dwianto, 2025; Mediaty, Usman, Pangraran, Nadhifa, & Irianto, 2024).

2. Literature Review and Hypothesis Development

2.1. Blue Ocean Leadership

Blue Ocean Leadership is a leadership approach that focuses on creating unique value and innovation in managerial practices (Kim & Mauborgne, 2017). This concept is an effort to understand how leadership styles can improve organizational performance, employee retention, and engagement in the

modern era (Jian, Shi, & Dalisay, 2014). Blue Ocean Leadership centers on concrete actions and activities that can increase team motivation and business results, rather than focusing on the personal traits or behavior of leaders (Maemunah & Rayyan, 2025). To apply these principles, Blue Ocean Leadership uses analytical tools such as the Blue Ocean Leadership Grid, which is an adaptation of the Eliminate-Reduce-Raise-Create (ERRC) Grid (Setyawan & Harianto, 2025; Tandiawan, 2022).

Figure 3. ERRC Grid

Figure 3 explains that there are four analytical tools for applying the principles of blue ocean leadership. These tools encourage leaders to evaluate their leadership activities and determine what to do. The figure states that Eliminate is a factor or activity that is unproductive and must be eliminated. Reduce refers to factors or activities that must be reduced if they are below industry standards. Raise refers to factors or activities that must be improved above industry standards. Create refers to new factors or activities that have never been offered and need to be created to generate new value.

2.2. Leadership

Leadership is a very important strategic asset in shaping and directing employee performance levels, especially in the dynamic automotive industry. Effective leaders are able to inspire, maintain trust, and have high integrity, which ultimately creates a work environment that supports optimal performance. Leadership is a form of dominance based on personal abilities that can encourage or persuade others to do something based on acceptance by the group, and having specific skills that are appropriate for specific situations (Hällgren & Buchanan, 2025; Harsono, Hidayat, Iqbal, & Abdillah, 2025).

2.3. Productivity

Productivity is defined as the ratio between the output produced and the input used. Productivity is generally measured using a formula. The formula used to calculate raw material productivity is the ratio between the total output produced and the total raw materials used. Output in this case refers to the value of goods or services produced by the company, while raw materials include all types of raw materials used to produce these goods or services (Alkire et al., 2025; Tenschert, Furtner, & Peters, 2025).

2.4. Performance

Individual employee performance is known to have a significant influence on the overall performance of an organization. There are six criteria that can be used to measure employee performance:

a. The Quality aspect, which is the extent to which the process or results of the implementation of activities are close to perfection or close to the expected goals.
b. The Quantity aspect, which is the amount of work produced.

c. The Timeliness aspect, which is the duration of time a job is completed within a specified time, taking into account the amount of other output and the time available for other activities.
d. The Cost Effectiveness aspect, which is the amount of organizational resources used to achieve maximum results or reduce losses from each unit of resource use.
e. The Need for Supervision aspect, which is the ability of employees to carry out job functions without requiring supervision from a supervisor/direct superior to prevent undesirable actions.
f. Interpersonal impact aspect, which is the ability of an employee to maintain self-esteem, reputation, and the ability to cooperate among colleagues and subordinates.

2.5. Previous Research

Table 1. Previous research data

Author	Research Method	Research Findings
Loh and Yusof (2020)	Sequential mixed method: expert opinion and cross-sectional survey of 64 automotive vendor companies in Malaysia	Lean manufacturing practices have a positive and significant impact on company performance. Blue Ocean Leadership has a mediating effect between lean manufacturing practices and company performance. Genba-Kaizen activities under Blue Ocean Leadership can improve company performance by 30%.
Oh, Awang, and Khoo (2022)	A cross-sectional quantitative study using a structured survey of 401 lecturers at vocational higher education institutions in Malaysia. Data analysis was conducted using Structural Equation Modeling (SEM).	There is a positive and significant relationship between Blue Ocean Leadership and employee engagement, as well as between employee engagement and team performance. Employee engagement acts as a partial mediator between Blue Ocean Leadership and team performance.
Maemunah and Rayyan (2025)	A quantitative approach using PLS-SEM on 85 respondents from leadership positions in automotive manufacturing companies in Indonesia	Blue Ocean Leadership does not have a significant direct or indirect influence on business performance. This condition is caused by the suboptimal implementation of Blue Ocean Leadership in organizations.
Pujianto and Larassaty (2022)	Quantitative research using PLS on 391 millennial respondents in Sidoarjo	Blue Ocean Leadership has a significant influence on the spiritual dimension and organizational performance. The spiritual dimension also has a significant influence on organizational performance.
Alfy, Sojanah, Siregar, and Sobandi (2025)	Quantitative – PLS-SEM on 217 Generation Z employees in West Java	Compensation has a significant effect on employee retention ($\beta = 0.274$; $p < 0.05$). Blue Ocean Leadership mediates the compensation–retention relationship with a small effect ($\beta = 0.237$; $p < 0.05$). Work engagement mediates the compensation–retention relationship with a small effect ($\beta = 0.098$; $p < 0.05$). The model explains 61.2% of the variance in retention.
Pujianto and Musyaffaah (2023)	Quantitative research using Process Macro Hayes Model 7 on 383 respondents in East Java	Blue Ocean Leadership as a moderator variable strengthens the relationship between organizational justice and learning capacity. Learning capacity has a significant positive effect on employee innovative work behavior, and organizational justice affects employee innovative work behavior through learning capacity.

3. Research Method

This study adopts a qualitative case study design grounded in an interpretivist epistemological perspective, which assumes that organizational realities are socially constructed and can best be understood through participants' meanings, experiences, and interpretations. A qualitative approach was intentionally chosen because the objective of this research is not to test causal relationships or measure variable effects, but to explore how Blue Ocean Leadership is interpreted, enacted, and experienced within a specific organizational context. The case study strategy enables an in-depth and holistic examination of leadership practices embedded in everyday work processes, organizational culture, and hierarchical interactions in an automotive manufacturing company. This approach is appropriate for capturing complex social dynamics that cannot be adequately explained through purely quantitative methods.

3.1. Sampling Strategy and Research Informants

The study employs purposive sampling, whereby informants are selected based on predefined criteria relevant to the research objectives, namely organizational position, length of service, and direct involvement in leadership and production activities. This strategy ensures the inclusion of information-rich participants who are able to provide diverse yet contextually grounded perspectives. A total of 18 informants participated in the study, representing various levels of the organizational hierarchy, as detailed in Table 2.

Table 2. Research interview informant data

No	Position	Number of Respondents	Length of Service
1	Coordinator	2	10 Years
2	Production Leader	3	10 years
3	Administrative Staff	1	2 years
4	Senior Operator	6	10 years
5	Production Operator	6	4 years
Total		18	

3.2. Data Collection Techniques

Primary data were collected through in-depth semi-structured interviews with all 18 informants. The interview protocol was designed to explore participants' experiences with leadership practices, their interpretations of Blue Ocean Leadership, and their perceptions of how leadership influences daily work processes and productivity-related outcomes. To strengthen contextual understanding, the researcher conducted non-participant observations, recorded through detailed field notes documenting routine work activities, leadership employee interactions, and production environment conditions. In addition, organizational documents including production performance reports, Standard Operating Procedures (SOPs), and internal policy documents were used as supporting data to contextualize and validate interview findings.

3.3. Data Analysis Procedure

Data analysis followed a systematic qualitative analytic process supported by NVivo software. Interview recordings were transcribed verbatim, while observation notes and documents were digitized and imported into NVivo. The analysis was conducted in three stages:

1. Open Coding, where data were examined inductively to identify meaningful units related to leadership practices, employee perceptions, organizational dynamics, and references to productivity.
2. Axial Coding, which involved grouping related codes into broader analytical categories by identifying patterns and relationships across data sources.
3. Theme Development, in which higher-order themes were refined through iterative comparison and abstraction, resulting in analytically grounded themes explaining the enactment and interpretation of Blue Ocean Leadership within the organization.

Analytical memos were maintained throughout the process to enhance reflexivity and transparency.

3.4. Interpretation of Productivity and Triangulation

Claims related to productivity in this study are interpretive rather than causal. Quantitative productivity indicators contained in company documents are treated as contextual evidence, not as variables subjected to statistical testing. These indicators are used to support and contextualize participants' narratives regarding perceived changes in work efficiency, coordination, and output. To enhance methodological rigor, the study applies data triangulation by systematically comparing interview data, observational findings, and documentary evidence. This triangulation strengthens the credibility and trustworthiness of the findings by enabling cross-validation and minimizing single-source bias.

4. Results and Discussion

4.1. Research Results

Based on the data collected, the productivity of PT. Enkei Marutoyo Painting Indonesia experienced significant instability during the period from July to December 2024. Production results showed a consistent downward trend, where from August to December 2024, the production target of 100,000 pieces per month was never achieved. This phenomenon indicates the presence of systemic organizational conditions that influence production capacity rather than isolated technical issues. Through in-depth interviews, several recurring patterns were identified that provide insight into the organizational dynamics underlying this instability.

a. Inappropriate Employee Placement

Several informants stated that supervisors often assign employees to roles that do not match their capabilities, leading to frequent miscommunication among employees.

" Supervisors often assign employees to positions that do not match their capacities because employees do not understand the work assigned to them, resulting in a lot of miscommunications in production. Management should improve managerial skills related to production."

Rather than being treated as a direct causal explanation, this statement reflects an organizational misalignment between employee competencies and task allocation. In the context of Blue Ocean Leadership, inappropriate employee placement constrains leaders' ability to meaningfully apply elimination, reduction, or value-creation principles because leadership activities are expended on correcting avoidable errors rather than generating strategic value. From a theoretical standpoint, incorrect placement limits sensemaking and decision quality, leading to inefficiencies and wasted organizational resources (Kumagawa & Pomsuwan, 2025; Richter, Giroux, Piven, Sima, & Dodd, 2025).

b. Decline in employee performance

Employee performance during the same period also showed instability, with achievements never reaching the 100% target. Based on six performance criteria, an analysis was conducted on the aspects of quality, quantity, timeliness, cost effectiveness, need for supervision, and interpersonal impact.

1) Quality aspect: From interviews with Senior Operators (Respondent-2 Coordinator), it was found that *"The products produced are often of poor quality because many facilities require repairs and maintenance. In addition, supporting materials often run out during production."*
2) Quantity aspect: Because product quality is inconsistent, production targets are frequently unmet, increasing workload without proportional output.
3) Timeliness aspect: Production Operators reported excessive time allocation to meetings and non-core activities, delaying production tasks.
4) Cost effectiveness: Increased defect rates resulted in higher labor and rework costs.
5) Need for supervision: Experienced employees required additional guidance under abnormal operating conditions.
6) Interpersonal impact: Unresolved leadership issues led to reactive behaviors and declining motivation.

Collectively, these indicators do not function as standalone conclusions but as empirical manifestations of how leadership practices interact with operational systems. The findings suggest that performance instability emerges from cumulative leadership-mediated processes rather than individual employee shortcomings. This aligns with contemporary leadership scholarship that frames leadership as a strategic organizational resource shaping performance trajectories, particularly in high-complexity manufacturing environments (Alexandro, 2025; Leoni, 2025).

c. Leadership and Communication Patterns

Through interviews with respondents from various levels, several leadership activities carried out by the top management of PT. Enkei Marutoyo Painting Indonesia were identified as recurrent organizational patterns rather than isolated individual behaviors. Informants (Respondent 3-Senior Operator) mentioned the lack of openness, which was perceived to coincide with weakened responsibility in work tasks*: "Superiors are often not brave enough to be open, which results in a lack of responsibility in delegating tasks"*. The lack of transparency is analytically relevant because it signals constraints on communication quality and team trust, which function as enabling conditions for coordinated work execution in manufacturing settings. In this sense, the issue is not framed as a moral failure that "must be stopped" but as an organizational mechanism that may shape accountability and coordination under conditions of uncertainty (Alfy et al., 2025; Zheng, Kralj, & Vidnjevic, 2025). This often stems from unclear roles or a lack of trust.

In addition, (Respondent 2-Coordinator) added: "*Top management rarely goes down to production to see the actual conditions. They rely more on written reports that do not always reflect the real situation*". These leadership practices can be interpreted as reflecting a traditional governance logic that privileges control and hierarchy over empowerment and learning. According to Kim and Mauborgne (2017), such leadership configurations tend to reproduce a "red ocean" of leadership activities, where organizational time and attention are absorbed by monitoring and reporting rather than by actions that unlock employee capability and innovation. This interpretation does not claim that leadership alone "explains" performance decline, but positions leadership practice as a structural condition that may shape how information travels, how problems are defined, and how quickly operational responses are mobilized.

Senior Operator (Respondent SO-4) added: "*When there is a problem, our leaders usually wait for instructions from above before taking action. This makes problem solving slow and often small problems develop into big problems."*

This pattern at the middle level suggests limited discretionary space for initiative and decision-making, which is analytically important because it indicates a bottleneck in organizational responsiveness rather than merely an individual deficiency. Loh and Yusof (2020) found that empowering middle and lower-level management is a key factor in improving company performance, and this study treats the observed pattern as an empirical indicator of how empowerment may be structurally constrained in practice. Frontline employees, consisting of Senior Operators and Production Operators, also have specific experiences related to leadership.

A Production Operator (Respondent OP-4) stated: "*We are not encouraged to provide ideas or suggestions for improvement. Even when we try to propose more efficient ways of working, they are often ignored or not taken seriously.*"

In addition, a Senior Operator (Respondent SO-5) revealed: "*Our hard work is rarely recognized. When targets are met, it is considered normal. However, when targets are not met, we are blamed without considering other factors that may have contributed.*"

Production Operator (Respondent OP-6) added: "*The training we receive is very limited and more basic in nature. We are not given the opportunity to develop broader skills or to understand the production process as a whole.*"

These findings indicate that frontline employees feel disempowered and that their contributions are undervalued; analytically, this pattern suggests a gap between employee capability and its organizational activation rather than a simple deficit in individual motivation. This condition is consistent with the concept of untapped talent and energy, where there is a significant gap between employee potential and their realized performance. From the above findings, the researcher attempted to visualize several informant statements in the following figure using NVIVO 12.

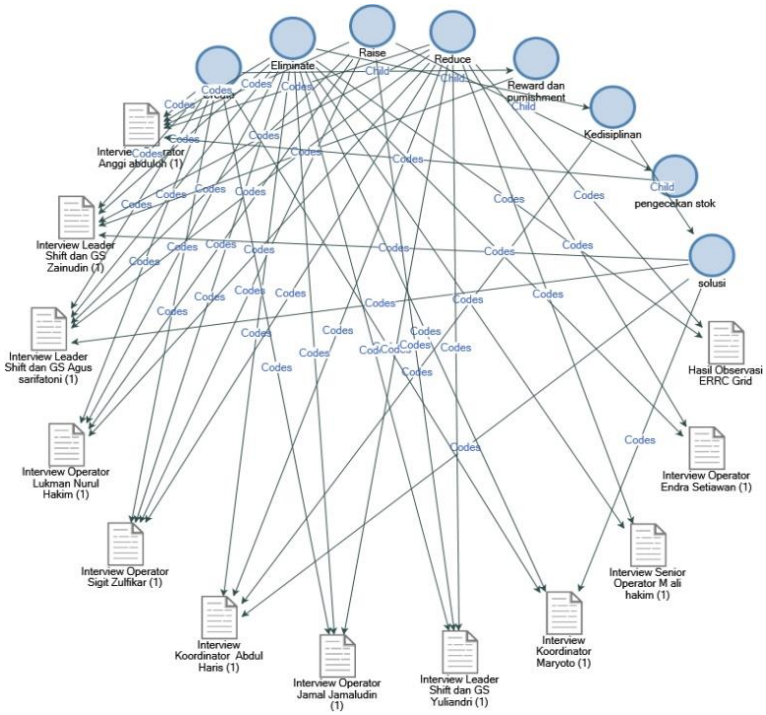

Figure 4. NVIVO 12 visualization results based on informant statements and observation results

Based on the results of the research conducted, the following analysis uses the ERRC (Eliminate-Reduce-Raise-Create) Grid framework to interpret the configuration of leadership practices at PT. Enkei Marutoyo Painting Indonesia. In this study, the ERRC Grid is not treated as a prescriptive checklist or a set of managerial commands, but as an analytical lens that categorizes leadership activities into low-value routines versus high-value practices, thereby linking empirical patterns (from interviews and observations) to theoretically informed leadership reconfiguration.

a. Eliminate
   1) Placement of employees who are not suitable for their positions
      The practice of placing employees without considering their competencies and capacities is analytically categorized as an “eliminate” dimension because it generates miscommunication, inefficiency, and resource waste that are not intrinsically tied to value creation. The Person-Job Fit Theory by Kristof-Brown et al. (2005) emphasizes that compatibility between individual characteristics and job requirements is associated with superior performance, so incompatibility can be interpreted as a structural contributor to unnecessary coordination costs. this incompatibility creates a "red ocean" where organizational energy is spent on overcoming preventable problems rather than on innovation and improvement (Kim & Mauborgne, 2017).
   2) Reliance on written reports without field verification
      Top management practices that rely solely on written reports without going down to the production floor are categorized under “eliminate” because they may create informational distance between leaders and operational realities. In Lean Management, Gemba Walk emphasizes the importance of leaders observing actual conditions to reduce interpretation bias and accelerate problem identification. The practice of "management by walking around" is commonly associated with improving leaders' understanding of real problems and accelerating

decision-making, and within this study it is treated as a conceptual counterpoint to explain why report-only reliance can be analytically interpreted as a low-value leadership routine.

3) Disregarding ideas and suggestions from frontline employees
A culture that ignores improvement suggestions from operational employees is placed in "eliminate" because it represents an organizational mechanism that blocks learning and wastes innovation potential. The Kaizen Philosophy and Continuous Improvement Theory emphasize that frontline employees possess tacit process knowledge, and ignoring their input can be conceptualized as intellectual waste that reduces adaptive capacity (Júnior, 2025; Weidner et al., 2023).

b. Reduce

1) Meetings and irrelevant administrative tasks
The time spent on excessive meetings and administrative tasks unrelated to core production is categorized as "reduce" because it reallocates employee attention away from value-adding activities. Currently, operators spend substantial time visiting customers due to product quality issues, which suggests the presence of downstream consequences that compound time loss. Time Management Theory and the Eisenhower Matrix emphasize prioritization of urgent and important activities, and meeting effectiveness studies report that excessive and unstructured meetings are associated with productivity losses of 30–40%, which supports interpreting meeting overload as an analytically relevant productivity drain. (Cheimariotis et al., 2025).

2) Escalation process and decision-making bureaucracy
The need to wait for instructions from above for every issue is categorized as "reduce" because it reflects over-centralization that slows problem resolution. Mintzberg (1979) on decentralized decision-making indicates that granting authority at the operational level can speed responses and increase engagement, and this study uses that theoretical rationale to interpret prolonged escalation as a structural bottleneck rather than merely a behavioral preference. Claims such as "empowerment improves team performance by up to 25%" are treated here as contextualized findings from the literature rather than universal guarantees, and are used to support the analytical logic of why over-bureaucratized escalation may inhibit performance.

3) Dependence on strict control and supervision
Over-supervision and command-and-control approaches are placed under "reduce" because they can suppress initiative and responsibility, particularly when employees have extensive experience. Self-Determination Theory emphasizes autonomy as a basic psychological need linked to intrinsic motivation, and the literature suggests that employees perform more optimally when trust and responsibility are provided rather than strict control this is interpreted as a mechanism through which excessive control may dampen engagement (Anugrah, 2025; Tariq, 2025).

c. Raise

1) Transparency and open communication
The level of openness in communication regarding task delegation, responsibility, and decision-making is categorized as "raise" because transparency functions as an enabling condition for trust and coordinated execution. Organizational Transparency Theory and the Open Communication Model provide a theoretical basis for linking transparency to trust, commitment, and organizational performance, and the positive association between leadership transparency and employee engagement is treated here as an explanatory mechanism rather than a deterministic claim.

2) Empowering middle management and frontline staff
Managerial capacity and decision-making authority at coordinator, senior operator, and operator levels are categorized as "raise" because empowerment is analytically tied to responsiveness and learning in operational systems. Leadership Development and Empowerment Theory emphasize capacity building across levels, and within the Blue Ocean Leadership context, empowerment is often highlighted as a factor associated with improved performance; in this study, that association is used to interpret why observed disempowerment patterns can be theoretically linked to performance instability rather than presented as a direct causal conclusion.

3) Recognition and appreciation of employee contributions
Recognition systems are categorized as "raise" because they function as reinforcement mechanisms that shape motivation and engagement. Expectancy Theory by Vroom and Recognition Theory provide a theoretical rationale for why recognition is associated with improved performance; quantified claims such as "50% higher productivity and 56% lower turnover" are retained as reported in the literature but should be read as literature-based tendencies that depend on context rather than as universal predictions.
4) Holistic competency training and development
Training upgrades are categorized as "raise" because competence development is a key mechanism for reducing errors and enabling problem-solving autonomy. Human Capital Theory and the Competency-Based Training Model support the analytical expectation that investment in competencies yields returns, while Training & Development studies reporting productivity increases and error reductions are treated as contextual evidence rather than guaranteed outcomes (Gauss, Noal, Lacerda, Öhman, & Romme, 2026; Shipley, Magnusson, Karlsson, & Beamer, 2025).

d. Create
1) Competency-based job matching system
Creating a systematic placement system is categorized as "create" because it institutionalizes person–job fit as an organizational mechanism rather than relying on ad hoc supervisory judgment. The Competency Mapping Framework and Talent Management System provide a framework for identifying and matching competencies with job requirements, and Holland's Theory of Career Choice further highlights compatibility between personality and work environment as a driver of occupational fit.
2) Structured idea and suggestion system platform
Creating a formal idea-capture mechanism is categorized as "create" because it constructs an organizational infrastructure for learning and incremental innovation. Innovation Management System Theory supports the argument that structured systems increase the likelihood of idea evaluation and implementation, and Toyota's Creative Idea Suggestion System is referenced as an illustrative benchmark of how institutionalized suggestion mechanisms can generate high-volume innovation outputs.
3) Leadership canvas for each level of leadership
A leadership canvas is categorized as "create" because it operationalizes Blue Ocean Leadership into role-specific activity profiles, enabling analysis of which activities deliver high value versus those that waste time and energy. The Blue Ocean Leadership Framework provides the methodological basis for such canvases, while Leadership Profile Analysis supports identifying gaps between current and desired leadership configurations.
4) Continuous learning culture and psychological safety
Creating a continuous learning environment is categorized as "create" because it builds an organizational condition that supports experimentation and reflective improvement. Psychological Safety Theory links safety to innovation and productivity, while the Learning Organization Framework explains the role of systems thinking, personal mastery, and team learning in sustaining adaptation.
5) Real-time performance dashboard and visual management
Creating a real-time performance visualization system is categorized as "create" because it restructures how information becomes actionable across levels, reducing dependence on delayed written reports and supporting data-driven decision making. Claims such as "reducing decision-making time by up to 5 times" are retained as reported, but in this study they are treated as potential efficiency gains contingent on implementation design and organizational readiness.
6) Cross-level mentoring and coaching programs
Creating mentoring and coaching programs is categorized as "create" because it institutionalizes capability transfer and leadership development across hierarchical levels. Mentoring Theory and Coaching Psychology provide the theoretical rationale for why mentoring and coaching improve competence, confidence, and career progression, while the supporting studies are retained as

empirical anchors for this mechanism (Bakar & Connaughton, 2025; Ito & Kato, 2025; Novianto et al., 2025; Qin, 2025).

5. Conclusions

5.1 Conclusion

This study examined the implementation of Blue Ocean Leadership at PT. Enkei Marutoyo Painting Indonesia within the context of employee productivity and performance dynamics from July to December 2024. The findings indicate that production targets of 100,000 pieces per month were not achieved from August to December 2024, and employee performance indicators did not consistently reach the 100% benchmark during the observation period. These conditions reflect performance instability that cannot be attributed to a single factor, but rather to the interaction between leadership practices, human resource arrangements, and operational circumstances. The analysis identified several leadership-related patterns that were associated with productivity and performance challenges. These include employee placement that was not consistently aligned with individual competencies, reliance on written reporting without systematic field verification, limited integration of frontline employee input into decision-making, excessive administrative meetings, prolonged bureaucratic escalation processes, and limited transparency in communication flows. These practices are interpreted not as direct causes of performance decline, but as organizational configurations that may constrain coordination, learning processes, and adaptive decision-making under dynamic production conditions. Using Bernardin's six performance criteria, the study demonstrates that leadership practices were associated with observable variations across multiple performance dimensions. Quality was affected by facility limitations and material shortages; quantity was reflected in production outputs below target; timeliness was influenced by time allocation to non-core managerial activities; cost effectiveness was related to increased labor costs without proportional output growth; supervision requirements intensified under abnormal operating conditions; and interpersonal impact declined when employees perceived limited responsiveness to operational challenges. These findings highlight that employee performance is multidimensional and shaped by the interaction between leadership, structural arrangements, and operational realities.

The ERRC (Eliminate–Reduce–Raise–Create) Grid within the Blue Ocean Leadership framework functioned in this study as an analytical lens rather than a prescriptive intervention model. It enabled the categorization of leadership activities that appeared to generate limited organizational value, consume excessive resources, or hold potential for strengthening engagement and coordination. Through this analytical use, Blue Ocean Leadership contributes conceptual clarity in understanding how leadership activities influence the mobilization of employee capabilities across hierarchical levels. The findings also underscore that leadership operates as a multi-level organizational phenomenon, where alignment between top management, middle management, and frontline employees significantly shapes performance outcomes. However, the extent to which leadership practices alone determine productivity variations remains context-dependent and should be interpreted with caution. Theoretically, this study extends the application of Blue Ocean Leadership to the automotive manufacturing context in Indonesia and demonstrates its utility as an interpretive framework for examining leadership configurations across organizational levels. Practically, the findings suggest that leadership and human resource practices function as strategic complements to technical and operational systems. These conclusions remain exploratory and context-bound, providing analytical insights rather than universal prescriptions.

5.2 Research Limitations

Several limitations should be acknowledged. First, this study focused on a single manufacturing organization within a specific time frame (July–December 2024), which limits the generalizability of the findings to other industrial sectors or cultural contexts. Second, the research design relied on observational data, internal performance indicators, and qualitative interpretations of leadership practices. While triangulation was applied, causal relationships between leadership practices and performance outcomes cannot be definitively established. Third, external variables such as market

demand fluctuations, supply chain instability, machine breakdowns, or broader economic pressures were not quantitatively controlled. These factors may have contributed to productivity instability and should be examined more systematically in future research. Fourth, the application of the ERRC Grid was analytical rather than experimental; the study did not implement and measure the direct impact of specific ERRC-based leadership interventions. Finally, employee perceptions were analyzed within organizational constraints, which may have influenced the openness of responses. Future studies could benefit from longitudinal designs and mixed-method approaches to strengthen empirical robustness.

5.3 Suggestions and Directions for Future Research

Future research should adopt longitudinal designs to examine how leadership activity reconfiguration influences performance trends over extended periods. Comparative studies across multiple manufacturing firms would provide broader insight into whether the patterns identified in this study reflect industry-specific dynamics or organization-specific characteristics. Quantitative modeling could be incorporated to test the strength of relationships between leadership variables and performance dimensions, allowing clearer differentiation between correlation and causation. Future studies may also integrate operational performance metrics, supply chain data, and financial indicators to construct a more comprehensive analytical model. Experimental or quasi-experimental research designs could evaluate the implementation of ERRC-based leadership interventions to assess measurable impacts on productivity, employee engagement, and cost efficiency. In addition, further exploration of middle-management empowerment and frontline employee participation would deepen understanding of how multi-level leadership alignment contributes to organizational resilience. In conclusion, future investigations should move beyond descriptive analysis toward integrative and predictive models of leadership-performance interaction, particularly within emerging market manufacturing contexts.

Author Contributions

AA Conceptualization, methodology, data collection, and manuscript writing. AM Data analysis, interpretation of results, manuscript revision, and final approval.

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