



# Transglobal Leadership, Quality of Work Life, and Employee Performance in Cooperatives in East Java, Indonesia

Adya Hermawati, Nasharuddin Mas

Lecturer, Finance and Banking Study Program, Faculty of Economic, University of Widyagama, Malang, Indonesia

**Abstract:** The aim of this research is to investigate the influence of transglobal leadership to the employees' performance with the Quality of Work Life mediation in koa malang, pasuruan and surabaya with the multigroup method as a more comprehensive form of the transglobal leadership to the improvement of the employees' performance, so that it is expected that it can explain the interdependence and generalization that are more complete than the previous research. The population in this research is all employees of The Most Outstanding Cooperatives in East Java Province. The Employees of The Most Outstanding Cooperatives in East Java Province as the research subject with the following considerations: (1) the employees are authorized to explain the things related to the research variables and (2) the employees are the frontliners of the organization and deal directly with members, customers, and surrounding communities. Based on data from the Department of Cooperatives and SMEs (2014), the number of employees as the population size in this research is 660 employees. The determination of the sample size was by using the Slovin's Formula in the precision of 5% with the following calculation obtained a sample of 249 people. The calculation in the sampling area is determined that 249 employees to be a sample taken from 25 The Most Outstanding Cooperatives based on the region. The analysis result shows that the four hypotheses in each area are acceptable. There is a significant direct influence among transglobal leadership and quality of work life (QWL) as well as employee's performance in Malang, Pasuruan, and Surabaya. Besides, there is a result of a significant positive influence of transglobal leadership to employee's performance through the mediation of quality of work life (QWL). From the coefficient values of the three areas, it can be identified that the highest influence of the transglobal leadership to the employee's performance through the mediation of quality of work life (QWL) is in Surabaya. The sequenses of discussion of variables in this research are that: 1) The variable Transglobal leadership (X1) is explained by the aspects of cognitive intelligence, emotional intelligence, business intelligence, cultural intelligence, global intelligence and moral intelligence, as described by Holt & Seki [2], Sharkey et al. [4] 2) Quality of work life is described from the aspects of participation, growth and development, compensation and work environment.

**Keywords:** Transglobal Leadership, Quality of Work Life, Employee Performance

## Introduction

Based on the theories of (Bass and Aolio [1]), developed by (Holt & Seki [2]), (Avolio and Bass [3]), (Sharkey [4]) that the direct effect of leadership/transglobal leadership contributes to the employees' performance. Meanwhile Hayward [5]) proves that leadership in organization directly does not significantly influence the employees' performance and it is found out that there is a negative relation between organization leadership and employees' performance.

The inconsistency of the outcome becomes the thing that is researched by (Hermawati [6]) in "The Mediation Effect of Quality of Work Life and Job Involvement in Relationship of Transglobal Leadership to Employee Performance, Case Study in Sharia Bank in East Java, Indonesia IN Journal of Research in Business and Management. Her research result shows that transglobal leadership has indirect effect to the employees' performance. It means that the effort to improve employees' performance of the transglobal leadership should be conducted using the implementation of quality of work life and job involvement factor.

Analysis and discussion of the research result are stated that using mediated Quality of Work Life and the job involvement the performance achievement percentage is still low, not maximum and does not reach the target yet.

To solve the problem of variable analysis that are not directly measured (laten variable) another analysis rises up, which is Generalized Structural Component Analysis (GSCA). At the beginning Generalized Structural Component Analysis develops in one population of one group. In Generalized Structural Component Analysis model for one group the condition is aimed at identifying the relation between exogen laten variable and endogen laten variable in the same group range. In the Generalized Structural Component Analysis of one group, the goodness of fit test of the model is just conducted in one group only. In a certain condition and situation there are some samples or some population so that the Multigroup Generalized Structural Component Analysis is developed using various approached and data condition. The background of why this research becomes one theme is significant to be researched in science development, which is the research on the influence of transglobal leadership to the employees' performance with the Quality of Work Life mediation in koa malang, pasuruan and surabaya with the multigroup method as a more comprehensive form of the transglobal leadership to the improvement of the employees' performance, so that it is expected that it can explain the interdependence and generalization that are more complete than the previous research.

## 2. Literature Review

The theory of organization behavior is grand theory that is employed in this research. (Robbins [7]) explains that human is one of the crucial factors in organization. The performance of the organization really depends on the individual's performance inside the organization. In all jobs, it is the members who determine the success so that various efforts conducted to improve the productivity of the organization should start from the improvement of the members' productivity. Therefore the comprehension of the organization behavior becomes very significant in improving the performance of the organization.

Organization is a group of people who work together using certain resources to try to reach its goal. In other words, organization consists of people who work in a goal search system. To reach the goal certain efforts are conducted to manage the organization especially in terms of improving the performance in which it cannot be separated from managerial aspects that are related to organization activities; one of them is related to Leadership, or Quality of Work Life.

Leadership is one of the main topics in public discussion, both for academician or practitioner so that the leadership issue becomes the actual discussion from time to time. With this condition, there are many definitions of leadership that arise. Based on (Greenberg and Baron [8]), (Hamid [9]) leadership is a process used by somebody to influence the group members to the reach the goal of the organization group. For (Robbins and Judge [10]) leadership is an ability to influence the group to reach the vision or a set of goals.

(Husnawati [11]) and (Hernawati [6]) analyze and proves the influence of QWL to the performance of the employees, the job satisfaction, job motivation, and job motivation to the employees' performance as well as job satisfaction of the employees' performance. The research results are: (1) Quality of Work Life directly influences the performance of the employees, (2) the application of Quality of Work Life program through growth dimension, development, participation, salary, and advantage and work environment in the company will influence the improvement of the employees' performance, (3) Quality of Work Life influences the improvement of the organizational commitment that eventually influences the employees' performance, (4) Quality of Work Life influences the job satisfaction that eventually provides big contribution to the optimum performance of the employees.

## 3. Research Methodology

The population in this research is all employees of The Most Outstanding Cooperatives in East Java Province. The Employees of The Most Outstanding Cooperatives in East Java Province as the research subject with the following considerations: (1) the employees are authorized to explain the things related to the research variables and (2) the employees are the frontliners of the organization and deal directly with members, customers, and surrounding communities. Based on data from the Department of Cooperatives and SMEs (2014), the number of employees as the population size in this research is 660 employees. The determination of the sample size was by using the Slovin's Formula in the precision of 5% with the following calculation obtained a sample of 249 people. The calculation in the sampling area is determined that 249 employees to be a sample taken from 25 The Most Outstanding Cooperatives based on the region. The

Method used to analyze the data in this study is Generalized Structural Component Analysis (GSCA). GSCA was used for several reasons, first: this research used the structural model (involving some endogenous variables), second: the variables involved are the unobservable variables that require measurement model (the variable measurement based on the indicators).

4. Result and Discussion

The result of preliminary research is the test of the research instruments. This research involved 60 question items that represent 13 indicators of 3 variables of the research. Table 1 below presents the results of validity and reliability tests of the instruments of the trial sample (n = 249).

No	Variable	Indicator	Correlation			Alpha Cronbach
			Item 1	Item 2	Item 3	
1	X1	X1.1	0.555	0.552	0.554	0.868
		X1.2	0.559	0.555	0.551	
		X1.3	0.552	0.552	0.559	
		X1.4	0.557	0.551	0.556	
		X1.5	0.561	0.551	0.552	
		X1.6	0.551	0.555	0.564	
2	M1	M1.1	0.550	0.556	0.570	0.797
		M1.2	0.558	0.553	0.552	
		M1.3	0.550	0.556	0.554	
		M1.4	0.551	0.559	0.561	
3	Y1	Y1.1	0.561	0.568	0.562	0.729
		Y1.2	0.566	0.565	0.563	
		Y1.3	0.553	0.565	0.560	

The results of validity and reliability tests above show the correlation value > 0.3, state that all of the items are valid. On the other hand, the results of reliability test showed a Cronbach alpha value > 0.6, state that all of the variables are reliable. Thus, the instruments are valid and reliable.

Location	Variable	Indicator	Mean	Loading	Sig
Malang	Transglobal leadership (X1)	Cognitive intelligence	4.38	0.682	0.000
		Emotional intelligence	4.33	0.719	0.000
		Business intelligence	3.96	0.751	0.000
		Cultural intelligence	4.38	0.672	0.000
		Global intelligence	4.31	0.700	0.000
		Moral intelligence	4.29	0.702	0.000
	Quality of Work Life (M1)	Participation	3.91	0.691	0.000
		Growth and development	4.27	0.705	0.000
		Compensation-reward	4.23	0.766	0.000
		Work environment	4.42	0.655	0.000
	Employee Performance (Y1)	Work results	4.17	0.701	0.000
		Work behavior	4.25	0.732	0.000
		Personal characteristic	4.32	0.666	0.000
Pasuruan	Transglobal	Cognitive intelligence	4.25	0.661	0.000

Location	Variable	Indicator	Mean	Loading	Sig
	leadership (X1)				
		Emotional intelligence	4.13	0.855	0.000
		Business intelligence	4.31	0.747	0.000
		Cultural intelligence	4.30	0.616	0.000
		Global intelligence	4.49	0.850	0.000
		Moral intelligence	4.01	0.755	0.000
	Quality of Work Life (M1)	Participation	4.23	0.761	0.000
		Growth and development	4.25	0.741	0.000
		Compensation-reward	4.22	0.711	0.000
		Work environment	4.20	0.702	0.000
	Employee Performance (Y1)	Work results	4.10	0.750	0.000
		Work behavior	4.34	0.749	0.000
		Personal characteristic	4.29	0.676	0.000
Surabaya	Transglobal leadership (X1)	Cognitive intelligence	3.82	0.668	0.000
		Emotional intelligence	3.92	0.669	0.000
		Business intelligence	4.05	0.775	0.000
		Cultural intelligence	4.02	0.787	0.000
		Global intelligence	4.33	0.668	0.000
		Moral intelligence	4.17	0.813	0.000
	Quality of Work Life (M1)	Participation	4.21	0.789	0.000
		Growth and development	4.31	0.805	0.000
		Compensation-reward	4.33	0.764	0.000
		Work environment	4.23	0.720	0.000
	Employee Performance (Y1)	Work results	4.22	0.781	0.000
		Work behavior	4.31	0.744	0.000
		Personal characteristic	4.42	0.801	0.000

The structural model and descriptive analysis shows that Transglobal leadership variable (X1) is measured by six indicators which are cognitive intelligence, emotional intelligence, business intelligence, cultural intelligence, global intelligence and moral intelligence. In Malang, the employees of Cooperatives in Malang give good perception for one of the six indicators, which is business intelligence (mean or average of 3.41 to 4.20) and very good perception for the other five indicators which are cognitive intelligence, emotional intelligence, cultural intelligence, global intelligence, moral intelligence (mean or average between 4.21-5.00). In Pasuruan, the employees of Cooperatives in Pasuruan give good perception for two of the six indicators, which are emotional intelligence and moral intelligence (mean or average of 3.41 to 4.20) and very good perception for the other four indicators which are cognitive intelligence, business intelligence, cultural intelligence, and global intelligence (mean or average from 4.21 to 5.00). Meanwhile in Surabaya, the employees of Cooperatives in Surabaya give good perception for five indicators which are business intelligence, cognitive intelligence, emotional intelligence, cultural intelligence, and moral intelligence (mean

or average of 3.41 to 4.20) and very good perception for one indicator which is global intelligence (mean or average from 4.21 to 5.00). This shows that the fact in the field, especially in cooperatives in Malang, Pasuruan, and Surabaya, the concept of transglobal leadership has been well implemented.

The analysis result of the measurement model of transglobal leadership (X1) in Generalized Structural Component Analysis shows that the six indicators of the three areas (Malang, Pasuruan, and Surabaya) have the P-value of <0.05 (the significance level or alpha is 5%). This shows that cooperatives transglobal leadership in Malang, Pasuruan, and Surabaya is determined by cognitive intelligence, emotional intelligence, business intelligence, cultural intelligence, global intelligence and moral intelligence. From the highest loading factor it can be seen that business intelligence is the main measurement factor of transglobal leadership in Malang, while in Pasuruan, the strongest indicator as the measurement of Transglobal leadership (X1) is emotional intelligence and in Surabaya the strongest indicator as the measurement of Transglobal leadership (X1) is moral intelligence.

The Quality of Work Life (M1) is measured using four indicators which are participation, growth and development, compensation-concession, and working environment. In Malang, the employees of Cooperatives in Malang give good perception for one of the six indicators, which is participation (mean or average of 3.41 to 4.20) and very good perception for the other three indicators which are growth and development, compensation-concession, and working environment (mean or average from 3.41 to 4.20). In Pasuruan the employees of Cooperatives in Pasuruan give good perception for one of the six indicators, which is working environment (mean or average of 3.41 to 4.20) and very good perception for the other three indicators which are participation, growth and development, and compensation-concession, (mean or average from 3.41 to 4.20). In Surabaya the employees of Cooperatives in Surabaya give very good perception for the all four indicators which are participation, growth and development, compensation-concession and working environment (mean or average from 3.41 to 4.20). This phenomenon shows that the quality of work life in Cooperatives in Malang, Pasuruan and Surabaya has done well.

The analysis result of the measurement model of Quality of Work Life (M1) in Generalized Structural Component Analysis shows that the four indicators have the P-value of <0.05 (the significance level or alpha is 5%) in Malang, Pasuruan, and Surabaya. This shows that the quality of work life in cooperatives environment are determined by participation, growth and development, compensation-concession and working environment. Based on the highest loading factor it can be seen that in Malang, the strongest measurement for Quality of Work Life (M1) is compensation-concession, while in Pasuruan the strongest measurement for Quality of Work Life (M1) is participation and in Surabaya the strongest measurement for Quality of Work Life (M1) is growth-development.

Employee's performance variable is measured using three indicators which are job result, job attitude, and personal trait. In Malang and Pasuruan the employees of Cooperatives in Malang and Pasuruan give good perception for one of the three indicators, which is job result (mean or average of 3.41 to 4.20) and very good perception for the other two indicators which are job attitude and personal traits (mean or average from 4.21-5.00). While in Surabaya the employees of Cooperatives in Surabaya give good perception for the three indicators which are job result, job attitude, and personal trait (mean or average from 4.21 to 5.00). This shows that employees' performance in Cooperatives in Malang, Pasuruan and Surabaya is in high condition.

The analysis result of the measurement model of Employees' Performance (Y1) in Generalized Structural Component Analysis shows that the three indicators have the P-value of <0.05 (the significance level or alpha is 5%) in Malang, Pasuruan, and Surabaya. This shows that the employee's performance in cooperatives' employees is determined by job result, job attitude, and personal trait. Based on the highest loading factor it can be seen that in Malang, the strongest measurement for Employees' Performance (Y1) is job attitude, while in Pasuruan the strongest measurement for Employees' Performance (Y1) is job result and in Surabaya the strongest measurement for Employees' Performance (Y1) is personal trait.

Location	No	Effect	Coefficient	Std Err	CR	P-value
Malang	1	Transglobal leadership to QWL	0.425	0.111	4.60	0.000*
	2	QWL to Employee performance	0.312	0.124	2.44	0.010*
	3	Transglobal leadership to	0.212	0.104	2.04	0.015*

		Employee performance				
	4	Transglobal leadership to Employee performance from QWL	0.133	0.049	3.604	0.000*
Pasuruan	1	Transglobal leadership to QWL	0.293	0.108	3.60	0.000*
	2	QWL to Employee performance	0.310	0.114	2.41	0.006*
	3	Transglobal leadership to Employee performance	0.121	0.111	2.34	0.013*
	4	Transglobal leadership to Employee performance from QWL	0.091	0.060	3.040	0.002*
Surabaya	1	Transglobal leadership to QWL	0.451	0.100	4.99	0.000*
	2	QWL to Employee performance	0.420	0.087	4.52	0.000*
	3	Transglobal leadership to Employee performance	0.315	0.126	2.54	0.008*
	4	Transglobal leadership to Employee performance from QWL	0.189	0.048	3.306	0.001*

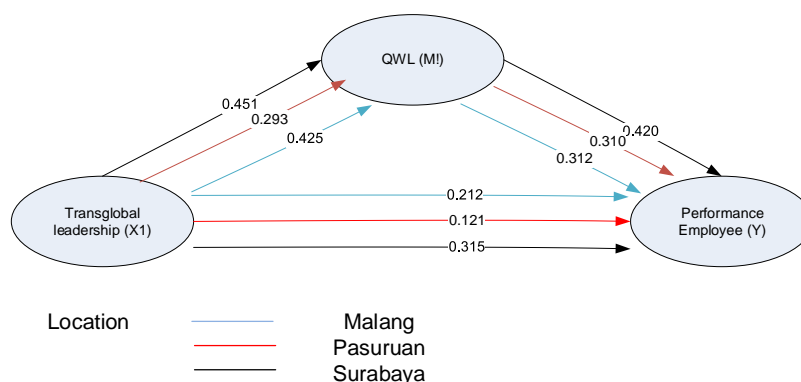


Figure 1: Structural Model

The third stage of the research describes the hypothesis testing of the relation among the research variables. Before the analysis result is good enough to be interpreted there are two tests that should be done first, which are the test of linearity assumption and model test. Table 4.3 describes the test of linearity assumption and Table 4.4 describes the goodness of fit of the model. The result of the model testing shows that the value of the four criteria of the three locations has fulfilled the value of cut-off, and then the result of the Generalized Structural Component Analysis (GSCA) is appropriate and can be used well, so that the interpretation can be conducted to make further discussion. Table 4.5 shows the result of the structural model testing.

### 5. Conclusion and Recommendation

The analysis result shows that the four hypotheses in each area are acceptable. There is a significant direct influence among transglobal leadership and quality of work life (QWL) as well as employee's performance in Malang, Pasuruan, and Surabaya. Besides, there is a result of a significant positive influence of transglobal leadership to employee's performance through the mediation of quality of work life (QWL). For Malang area, the coefficient of the influence is identified as 0.133 with the CR value of 3.306 > 1.96 and significance level of 0.001 < 0.05. In Pasuruan area, the coefficient of the influence is identified as 0.091 with CR value of 3.040 > 1.96 and significance level of 0.002 < 0.05. And for Surabaya area, the coefficient of the influence is identified as 0.189 with CR value of 3.604 > 1.96 and significance level of 0.000 < 0.05. From the coefficient values of the three areas, it can be identified that the highest influence of the transglobal leadership to the employee's performance through the mediation of quality of work life (QWL) is in Surabaya which is 0.189. The sequences of discussion of variables in this research are that: 1) The variable Transglobal leadership (X1) is explained by the aspects of cognitive intelligence, emotional intelligence, business intelligence, cultural intelligence, global intelligence and moral intelligence, as described by Holt & Seki [2], Sharkey et al. [4] 2) Quality of work life is described from the aspects of participation, growth and development, compensation and work environment, as described by (Walton [12]), Nadler and Lawler III [13], Gerhart, Minkoff, Olsen [14]. 4) Employee performance is explained by the work results, work behavior, as well as personal characteristic, as verified by the basic theories by Porter [15]; Lawler [16] developed by Bernardin and Russel [17], Gibson [18].

## REFERENCES

- [1] Bass, B. M., & Avolio, B. J. 1997. Improving organizational effectiveness through transformational leadership. Thousand Oaks, CA: Sage. *International Journal of Service Industry Management* Vol. 17 No. 1, 2006 pp.23-50 Emerald Group Publishing Limited 0956-4233 DOI 10.1108/09564230610651561.
- [2] Holt, K. & Seki, K. (2012) *Global Leadership: A Developmental Shift for Everyone*.
- [3] Avolio, B. J. dan Bass, B. M. 1996. *Multifactor Leadership Questionnaire, Manual and Sampler Set*. Third Edition, Mind Garden, Inc.
- [4] Sharkey New York : McGraw-Hill. 2012. *Winning with transglobal leadership: how to find and develop top global talent to build world-class organizations*. Summary. vol. 34, no. 3 (3 parts), part 1 (November 2012). New York : McGraw-Hill, c2012
- [5] Hayward. 2005. *Relationship Between Employee Performance, Leadership and Emotional Intelligence*. South African Parastatal Organisation
- [6] Hermawati, Adya. 2015a. *The Mediation Effect of Quality of Work Life and Job Involvement in Relationship of Transglobal Leadership to Employee Performance, Case Study in Sharia Bank in East Java, Indonesia*. *Journal of Research in Business and Management*, Vol 3 Issue 5, May 2015, ISSN (Online) 2347-3002.
- [7] Robbins, Stephen P. 2006. *Perilaku Organisasi, edisi kesepuluh: alih bahasa Benyamin Molan, edisi bahasa Indonesia*. PT Mancanan Jaya Cemerlang. Indonesia.
- [8] Greenberg, J. & Baron, R. A. 2000. *Behavior in organization*. 7th Edition. Upper Saddle River. New Jersey: Prentice Hall, Inc
- [9] Hamid, Djamhur. 2010. *Strategic Leadership Leading with Values*. *Journal of Business Administration* Vol. 1 No. 1 November 2010
- [10] Robbins, Stephen P., Judge, Timothy A, 2007. *Organizational Behavior Book 2*, Jakarta: Four Salemba. P. 256-266.
- [11] Husnawati. 2006. *Analysis of Effect of Quality of Work life with Commitment on Employee Performance and Job Satisfaction As Intervening variable*. Inc. California. USA.
- [13] Nadle & Lawler E. E., LLL. 1982. "Strategies for Improving the Quality of Work Life". *American Psychologist*, 37, pp.486-693.
- [14] Gerhart, B.A, Minkoff, H.B, & Olsen, R.N. 1995. *Employee Compensation: Theory, Practice and Evidence*. Cornell University.
- [15] Porter, L. W., Lawler, E.E. 1968. *Managerial Attitudes and Performance* Homewood, I L; Irwin
- [16] Lawler, E. (1986), *High involvement management*., San Francisco, Jossey-Bass
- [17] Bernardin and Russel, 2002. *Human Resources Management, An Experiential Approach*. By McGraw-Hill, Inc. Newyork, USA

[18] Gibson,2003. Organizations: Behavior, Structure and Processes. McGraw-Hill Companies, Inc., Test of a theory. Organ.Behav. Hum. Perf., 16(2): 250-279.