



Impact of Transglobal Leadership, Innovation Culture, Bank Performance on Sustainability of Bank Sustainability

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Abstract: *This study wants to analyze and find out transglobal leadership, innovation culture, bank performance as a determinant of bank sustainability and evaluate the leadership and transglobal style and innovation culture that exists at bank BRI to improve bank performance and have an impact on bank sustainability. This research used a survey method for a quantitative approach. The variable of this research was a latent variable that was measured by using a questionnaire instrument. The sample in this research was part of the regional leaders and branch leaders of PT. Bank Rakyat Indonesia (Persero) Tbk. The sampling technique used Stratified Proportional Area Random Sampling. Data analysis was conducted by using Structural Equation Modeling. Based on the results of the analysis that Transglobal Leadership had a positive and significant effect on Innovation Culture; Transglobal Leadership had a positive and significant effect on Bank Performance; Innovation Culture had a negative and insignificant effect on Bank Performance; Innovation Culture had a positive and significant effect on Bank Sustainability; Bank Performance had a positive and significant effect on Bank Sustainability; Transglobal Leadership had a positive and significant effect on Bank Sustainability. The originality in this research is that it examines the effect of Transglobal Leadership on Innovation Culture, Bank Performance on Bank Sustainability. The renewal of this research is the development of a more comprehensive concept of sustainable banks. Moreover, this research also analyzes the existence of transglobal culture and leadership factors in Bank BRI in order to have high corporate sustainability.*

Keywords: *Bank Performance, Bank Sustainability, Innovation Culture, Transglobal Leadership.*

INTRODUCTION

It is not very easy to deal with a disruptive era for a company engaged in the banking sector. PT. Bank Rakyat Indonesia (Bank BRI) (PERSERO) Tbk is one of the companies that run in the banking sector, which is one of the largest banks in Indonesia. Then, it is necessary to improve performance to cover the needs or demands of all regions and fields both at home and abroad, and as a result, the Bank will be able to be

sustainable. A company's development cannot be separated from the existence of a leader. Such a leadership model is needed by a company to be number one, trusted and developed well in serving its customers throughout the world. One model of leadership is Transglobal leadership. Sharkey et al. (2012) defined transglobal leadership as leadership whose influence crosses cultural and national boundaries. It is universal and contributes greatly to the human spirit that changes human civilization. Therefore, the Transglobal leadership model needs to be carried out and applied to companies in order to be able to develop better, especially in the banking sector.

In developing the company and maintaining the achievements, Bank BRI has carried out a Work Culture Transformation. This transformation has been carried out in order to realize bank sustainability. The challenges faced by transglobal leaders are mainly can be found in developing strategic, structural and operational mechanisms while maintaining a work balance between global standardization and local flexibility to produce optimal results. Leadership includes the process of influencing in setting organizational goals, motivating followers' behavior to achieve goals, influencing to improve the group and its culture. The development of an innovation culture needs to be done to improve the sustainability of Bank BRI. Innovations generated by Bank BRI's employees must be maintained and continuously improved in all services and facilities provided to its customers, so that Bank BRI is more advanced and reliable. The resulting innovation will be able to drive Bank Performance better, especially in services and facilities to customers. If Bank BRI can provide services and facilities with the latest innovations generated, customers can give trust to Bank BRI to save customers' money.

In 2018, PT. Bank Rakyat Indonesia (Persero) Tbk. (BRI) carved a glorious achievement on the international scene by being ranked 2nd out of 100 companies in ASEAN with an increase in Wealth Added Index (WAI) by 5 times since the beginning of 2018, the rating was awarded by Stern Value Management Consulting. As for domestically, BRI is currently ranked first as the company that provides the best wealth index for shareholders nationally. Currently, the challenges faced by Bank BRI are macroeconomic trends that are less conducive, disruptions in the banking value chain, regulatory pressures, the emergence of new growth areas, and changes in customer preferences. Increasing demands and challenges require BRI to always innovate. Therefore, innovation culture is an important culture in the growth of Bank BRI amid other banks around it. Bank BRI gives demands to each directorate to carry out innovation quarterly. There are 65 initiatives in 8 directorates as part of BRIvolution. The Human Resources Directorate takes the initiative in building capabilities for senior managers and specialist functions as well as KPI redesign. The Micro Directorate carries out initiatives in the redesign of microcredit and free income programs. The IT Directorate takes the initiative in factory modernization for data and reporting. The Channels Directorate takes the initiative in changing branch and unit networks as well as EDC network streamlines. The Risk Directorate takes the initiative to refresh the underwriting credit model and develop pricing tools. The Corporate Directorate takes the initiative in establishing and implementing account planning and strengthening the coverage model. The SME Directorate takes the initiative in redesigning the SME credit process and repricing and segmenting customers. And the Consumer Directorate takes the initiative in redesigning consumer credit and launching branch sales effectiveness programs.

There are several previous studies, namely Parashakti (2016), Salain (2013) and Salain (2014) who examined the effect of the relationship between transglobal leadership and innovation culture. It was stated that there is a significant relationship between leadership and innovation culture in a particular company. The effect of Transglobal leadership on Bank performance has been studied by Al fami (2014) and Chew et al. (2016), and the results showed that there is a positive effect between leadership on performance. Gitau (2011) and Mahmoud et al. (2016) has conducted research that has produced a positive relationship between the innovation culture and bank performance. A research on the Relationship of Innovation Culture to Bank Sustainability has been conducted by Hong (2016) which resulted in a significant positive relationship. Jane Maley (2014) conducted a research which gave a result that Performance is very influential on the

sustainability of an organization. In addition, Utami (2015) conducted a research on the relationship between transglobal leadership and bank sustainability, and it can be concluded that there is a significant positive effect between leadership and organizational sustainability.

The previous studies that have been explained above only explain some of the relationships regarding the concept of leadership. This research will examine the existence of transglobal leadership, specifically, on whether or not it encourages the company sustainability. However, a search of the results of previous research on the concept of comprehensive Bank Sustainability, involving the variables of Transglobal Leadership, Innovation Culture, and Bank Performance in an integrated and simultaneous manner has not yet been found. This is the research gap. Therefore, the novelty in this research is that it examines the effect of Transglobal Leadership on Innovation Culture, Bank Performance on Bank Sustainability. In which, the innovation culture variable in this research is a variable that needs to be prioritized if the organization wants to always grow well. In addition, the renewal of this research is the development of a more comprehensive concept of sustainable banks. Moreover, this research also analyze the existence of transglobal culture and leadership factors in Bank BRI in order to have high corporate sustainability.

Literature Review and Development of Conceptual Framework

This research used the Strategic Management theory. The achievement of a company's competitive advantage needs to pay attention to the understanding of the nature of the company. Currently the theory that develops and adapts to the development of a knowledge-based economy is the theory of the firm (TFT). The theoretical framework is composed by several theories, such as resource-based view (RBV), dynamic capability view (DCV), knowledge-based view (KBV) and others.

Transglobal Leadership Theory is the development of transformational and transactional leadership theory which is a continuum based on the level of renewal. Transglobal leadership has a deeper advantage compared to the context of global leadership. The meaning of *trans* in transglobal is a global leader who is able to cross borders. Figure 1 represents the evolution of leadership:

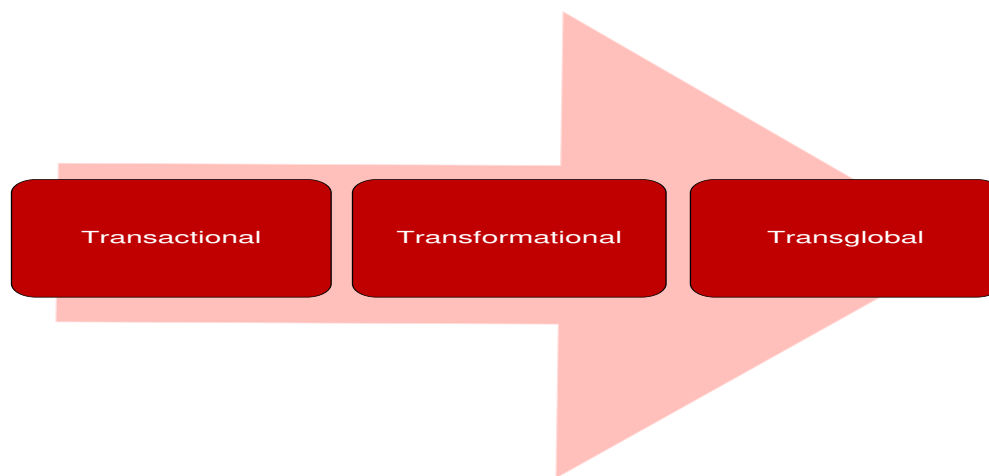


Figure 1. Evolution of Leadership Theories
Source: Sharkey et al. (2012)

Sharkey et al. (2012), stated that the previous types of leadership, transactional and transformational, were types of local leaders who had not been able to reach aspects globally. Transglobal Leadership is leadership whose influence crosses cultural and national boundaries. It is universal and contributes greatly to the human spirit that changes human civilization. The services of transglobal leaders make people's lives more attractive, more beautiful, more prosperous, more dignified, or better. The most important thing that a leader

needs to do is to continually learn from experience, both when he is involved in the participation of task forces or team work, interactions with superiors, colleagues and when dealing with mentors or resource persons.

The transglobal leadership mindset is the ability to take a global view and be able to apply that perspective to other countries, taking social-cultural aspects into account. In a world that is getting smaller as it is today, human traffic to travel between countries becomes common and routine, therefore, "cultural intelligence" will be a very important talent and skill. Transglobal leaders take their ideas and adapt them to a new and broader and more complex environment. Transglobal leaders are more likely to support and help form a unique approach to work. On the other hand, local leaders are great at stable operations and building a team of like-minded people who will achieve goals over and over again. In addition, the transglobal leader must be a visionary, meritorious for life and able to improve the quality of life of the nations of the world. Transglobal leaders often have controversial personalities, but the phenomenon of their leadership has inevitably changed the lives of nations. Nowadays, leaders who understand the economic, cultural, legal and political impacts are needed. It means, a transformational process occurs in leadership relationships when leaders build subordinate awareness of the importance of work values, expand and increase needs beyond personal interests and encourage change towards shared interests including organizational interests.

Innovation is an idea, goods, events, methods that are perceived or observed as something new for someone on a group of people (society), both in the form of invention and discovery. Innovations are carried out to achieve certain goals or to solve a particular problem. There are four types of innovations according to the Oslo Guide Manual (2005), namely product innovation, process innovation, marketing innovation and organizational innovation. Product innovation is the presentation of new products and services to the market, as well as improvements related to the functional characteristics or users of existing goods and services. In addition, according to Eynde et al. (2015), Innovation Culture includes the desire to innovate, the fulfillment of infrastructure to innovate, the behaviors needed to influence the value orientation and market orientation and the environment that can support the implementation of innovation. Process innovation is the application of a new or better type of production or shipping method. Marketing innovation is the novelty of the market or the discovery of company products in the market by sales/marketing means, sales techniques, and new financial methods. Organizational innovation is the application of new organizational methods, workplaces, or company external relations. The four types of innovation are included in innovation culture. According to Eynde et al. (2015), Innovation Culture is measured based on three indicators, namely General, Organizational and Individual.

The development of the banking industry, especially products and services that are increasingly complex and diverse will increase the risk exposure faced by the Bank. Performance is very important in an organization or company. Organizational performance is the final result achieved by the company from all operations, such as sustainability, profitability, satisfaction, efficiency, product quality and others (Glueck and Jauch, 1984). Banking performance is basically the results achieved by a commercial bank. Banking performance can be defined as the results achieved by a bank by managing existing resources in the Bank as effectively and efficiently as possible to achieve the goals set by management. Assessment of the condition of the Bank can be used as a means of determining business strategies in the future for bank. For Bank Indonesia, among others, is used as a means of determining and implementing the Bank's supervisory strategy. Determination of the Bank's time in implementing the Bank's soundness rating system is stipulated in Bank Indonesia Regulations, therefore, the bank needs to take preparatory steps in implementing a soundness rating implementation system of the Bank in evaluating financial risk to evaluate the performance and efficiency of the Bank in being able to attract more customers and improve Bank financial index. The Bank performance variables are measured by three indicators, namely book value, price earnings ratio and stock prices. Book Value according to Tjiptono and Hendry (2001) describes how much the market appreciates the book value of a company's stock. That is, the higher the book value of shares means the market believes in the company's prospects. Furthermore, according to Sulistyastuti (2005), Price Earnings Ratio is a measure of unit

performance based on a comparison between stock market prices and earnings per share (EPS). Indicators of stock prices are the price or value of money that is willing to be issued to obtain a share.

Daly (in Nugroho, 2009) defined sustainability as a condition that can be maintained for an unlimited period of time. A company that can use its capabilities, resources and competencies in developing its competitive advantage does not mean that the company will be able to maintain it. According to Wheelen and Hunger (2013), there are two characteristics that determine the sustainability of a company's specific competencies, namely durability and imitability. Competitive competition in the market makes competitors try to learn and emulate a set of abilities and skills of a company. Sustainable Finance is a comprehensive support from the financial services sector to create sustainable economic growth by aligning economic, social and environmental interests.

Research Method

This research used a survey method for a quantitative approach, which was in the form of an analysis carried out on variable measurement results in the form of numerical data. The variable of this research was a latent variable that was measured by using a questionnaire instrument, and data analysis was carried out by statistical method. This research was conducted at PT. Bank Rakyat Indonesia (Persero) Tbk. operating in Indonesia. Bank BRI was chosen as the location of the research considering that Bank BRI is one of the outstanding state-owned banks. The population in this research were all Regional Leaders and Branch Managers of PT. Bank Rakyat Indonesia (Persero) Tbk. which was spread across Sumatra, Java, Kalimantan, Sulawesi, Bali and Jayapura. The reason for this sampling was because the large size of the population did not allow the whole population to be taken (481 regional offices) because it was hindered by time, cost and other human resources. Based on this explanation, the sample in this research was part of the regional leaders and branch leaders of PT. Bank Rakyat Indonesia (Persero) Tbk. selected through representative sampling procedure. Based on the calculation of the Slovin formula, the sample of this research was set as 218 people. The sampling technique used Stratified Proportional Area Random Sampling. Data analysis was conducted by using SEM to test multiple exogenous and endogenous variables with many indicators simultaneously.

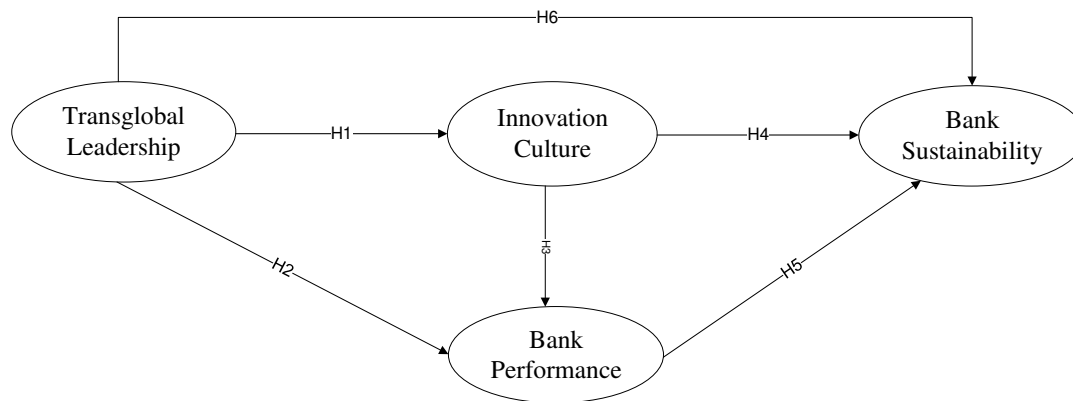


Figure 2. Conceptual Framework

Below are the research hypotheses:

- H1: Transglobal Leadership has a significant effect on Innovation Culture
- H2: Transglobal Leadership has a significant effect on Bank Performance
- H3: Innovation Culture has a significant effect on Bank Performance
- H4: Innovation Culture has a significant effect on Bank Sustainability

H5: Bank Performance has a significant effect on Bank Sustainability

H6: Transglobal Leadership has a significant effect on Bank Sustainability through Innovation Culture as mediating variable

Result and Discussion

Measurement Model

The following table presents the mean and outer loading values of each indicator for each research variable.

Table 1. Research Variable Measurement Model

Variable	Indicator	Average Indicator	Outer Loading	p-value
Transglobal Leadership (X1)	Character-oriented leader (X1)	4.30	0.913	<0.001
	Community-oriented leaders or others (X2)	4.50	0.896	<0.001
	Task-oriented leader (X3)	4.42	0.911	<0.001
	Process-oriented leader (X4)	4.30	0.900	<0.001
Innovation Culture (Y2)	General (Y2.1)	4.24	0.918	<0.001
	Organizational (Y2.2)	4.20	0.946	<0.001
	Individual (Y2.3)	3.91	0.888	<0.001
Bank Performance (Y3)	Book Value (Y3.1)	3.70	0.211	<0.001
	Net Interest Margin (NIM) (Y3.2)	3.67	0.226	<0.001
	Return On Asset (ROA) (Y3.3)	3.64	0.227	<0.001
	Return On Equity (ROE) (Y3.4)	3.69	0.221	<0.001
	Interest Income (II) (Y3.5)	3.69	0.235	<0.001
Bank Sustainability (Y4)	Economic sustainability (Y3.1)	4.04	0.884	<0.001
	Environmental sustainability (Y3.2)	4.16	0.898	<0.001
	Social sustainability (Y3.3)	4.23	0.887	<0.001

Based on Table 1, the results show that all indicators significantly measure their respective variables. The analysis also shows that the most powerful indicator as a measure of Transglobal Leadership (X1) is a character-oriented leader indicator with a loading factor value of 0.913 and an average of 4.30. In the Innovation Culture variable (Y2), it is known that the strongest indicator as a measure is Organizational (Y2.2) with a loading value of 0.946 and an average of 4.20. In the Bank Performance variable (Y3), it is known that the strongest indicator as a measure is Interest Income (II) (Y3.5) with the main component value of 0.235 and an average of 3.69. In the Bank Sustainability variable (Y4), it is known that the most powerful indicator as a measure is Social Sustainability (Y4.3) with a loading value of 0.887 and an average of 4.23.

Goodness of Fit

The theoretical model in the conceptual framework of the research is said to be fit if it is supported by empirical data. Goodness of fit overall model testing results are in accordance with the results of SEM analysis.

Table 2. Test Results of Goodness Of Fit Models

No.	Model Fit	Value	Criteria	conclusion
1	Average path coefficient	APC = 0,298 P < 0,001	P < 0,05	Significant
2	Average R-squared	ARS = 0,408 P < 0,001	P < 0,05	Significant
3	Average adjusted R-squared	AARS = 0,403 P < 0,001	P < 0,05	Significant
4	Average block VIF	AVIF = 1,875	acceptable if AVIF ≤ 5 ideal if AVIF ≤ 3,3	Ideal
5	Average full collinearity VIF	AFVIF = 2,331	acceptable if AFVIF ≤ 5 ideal if AFVIF ≤ 3,3	Ideal
6	Tenenhaus GoF	GoF = 0,577	small if GoF ≥ 0,1 medium if GoF ≥ 0,25 big if GoF ≥ 0,36	Big
7	Sympson's paradox ratio	SPR = 0,889	acceptable if SPR ≥ 0,7 ideal if SPR = 1	Acceptable
8	R-squared contribution ratio	RSCR = 0,989	acceptable if RSCR ≥ 0,9 ideal RSCR = 1	Acceptable
9	Statistical suppression ratio	SSR = 1,000	acceptable if SSR ≥ 0,7	Acceptable
10	Nonlinear bivariate causality direction ratio	NLBCDR = 0,944	acceptable if NLBCDR ≥ 0,7	Acceptable

Structural Equation Modeling Analysis

In essence, testing the inner model (structural model) is testing the hypothesis in the research. Testing the hypothesis was done by t test (T-statistic) on each direct path partially. The results of the SEM analysis as well as the results of testing the direct effect hypothesis are summarized in Table 3.

Table 3. Estimated Results and Testing of Direct Effects

Effect between Latent variables			Path coefficient	p-value	Conclusion
Predictor Variable	→	Response Variable			
Transglobal Leadership (X)	→ H1	Innovation Culture (Y1)	0.552	<0.001	Significant
Transglobal Leadership (X)	→ H2	Bank Performance (Y2)	0.205	<0.001	Significant
Innovation Culture (Y1)	→ H3	Bank Performance (Y2)	-0.093	0.082	Not Significant
Innovation Culture (Y1)	→ H4	Bank Sustainability (Y3)	0.271	<0.001	Significant
Bank Performance (Y2)	→ H5	Bank Sustainability (Y3)	0.143	0.016	Significant
Transglobal Leadership (X)	→ H6	Bank Sustainability (Y3)	0.401	<0.001	Significant

Discussion

H1: The Effect of Transglobal Leadership on Innovation Culture

Based on Table 3, it can be concluded that the Transglobal Leadership variable had a significant positive effect on Innovation Culture (Y1). Which means, the higher the Transglobal Leadership (X), the higher the Innovation Culture variable (Y1), where the Path coefficient obtained was 0.552 with a p-value of < 0.001 . Because the p-value was < 0.05 , the statistical hypothesis stated that H0 was rejected, meaning that the Transglobal Leadership variable (X) had a significant effect on the Innovation Culture variable (Y1). This shows that the indicators that drive the increase in Transglobal Leadership variable include character-oriented leaders, community-oriented leaders, task-oriented leaders, and process-oriented leaders, which will lead to higher General, Organizational, and Individual variables on the Innovation Culture variable.

This research is in line with the research conducted by Parashakti (2016), in which the research found that leadership had a significant effect on the innovation culture of an organization. The formation needed characteristics that were held in high esteem on the basis of good leadership. Therefore, it is necessary to increase the dominant indicators on Transglobal Leadership at Bank BRI to improve the Innovation Culture at BRI to face challenges in the disruptive era. The Transglobal Leadership indicator that had the strongest effect was character-oriented leaders. In increasing the value of Transglobal Leadership, the character-oriented leaders had an important role. It is hoped that the leaders of Bank BRI can implement character-oriented leaders to be able to encourage and enhance the Innovation Culture in Bank BRI because the culture within the company will foster an innovation or breakthrough in BRI. One example of innovation that has been carried out by Bank BRI is BRIsat, BRILink Agent, BRI E-Buzz, etc. All is done to meet the demands of the community which will have an impact on the trust of users of Bank BRI.

H2: The Effect of Transglobal Leadership on Bank Performance

Table 3 shows that the Transglobal Leadership variable (X) had a significant positive effect on the Bank Performance variable (Y2). Which means, the higher the Transglobal Leadership (X), the higher the Bank Performance variable (Y2), where the Path coefficient obtained was 0.205 with a p-value of < 0.001 . Because the p-value was < 0.05 , the statistical hypothesis stated that H0 was rejected, meaning that the Transglobal Leadership variable (X) had a significant effect on the Bank performance variable (Y2). This indicates that the higher the character-oriented leaders, the community-oriented leaders, the task-oriented leaders, and the process-oriented leaders, will be able to direct a company well, thus increasing the indicators driving the bank performance, including the higher Book Value, Price earnings ratio (PER), and Share Prices.

This research is in line with the research conducted by Alfahmi (2014) and Chew et al., (2016), who found that Transglobal Leadership influenced Bank Performance. Research by (Chew et al., 2016) aimed to find out the ethics of banking operations based on the winner of the UK Co-operative Bank award which has succeeded in carrying significant implications in maintaining the development of the nation's social environment. Chew et al. (2016) found that leadership had a significant and positive effect on performance. In the research, bank performance was the result achieved by a bank. In this research, Bank BRI was able to manage existing resources as effectively and efficiently as possible. In addition, the implementation of Transglobal Leadership at Bank BRI must be character-oriented in order to improve the performance of Bank BRI. Bank BRI leaders are able to direct and evaluate company conditions.

H3: The Effect of Innovation Culture on Bank Performance

Based on Table 3, it can be explained that the Innovation Culture variable (Y1) had insignificant negative effect on the Bank Performance variable (Y2). Which means, the higher the Innovation Culture (Y1), it will reduce the Bank Performance variable (Y2), where the Path coefficient obtained was -0.093 with a p-value of

0.082. Because the p-value was > 0.05 , the statistical hypothesis stated that H_0 was accepted, meaning that the Innovation Culture variable (Y1) had an insignificant effect on the Bank Performance variable (Y2).

This indicates that the better the innovation culture applied by companies including the innovation culture in general, the innovation culture in the organization and the innovation culture in every individual in the company, will not lead to the better performance of Bank BRI. This research is not in line with several previous studies, namely research that discussed the relationship between market orientation, learning orientation and innovation and assessed the role of innovation, market orientation and learning orientation on the business performance of companies using developing countries (i.e. the banking domain of Ghana) as the research context. This research found that Innovation Culture had no significant effect on Bank Sustainability. The second research that is not in line is about one of the banks in Kenya, with a conclusion that there was a positive relationship between the innovation culture and the bank performance. The research was conducted by Gitau (2011).

H4: The Effect of Innovation Culture on Bank Sustainability

Based on Table 3, it can be explained that the Innovation Culture variable (Y1) had a significant positive effect on the Bank Sustainability variable (Y3). This means that the higher the Innovation Culture (Y1), the higher the Bank Sustainability variable (Y3), where the Path coefficient obtained was 0.271 with a p-value of < 0.001 . Because the p-value was < 0.05 , the statistical hypothesis stated that H_0 was rejected, meaning that the Innovation Culture variable (Y1) had a significant effect on the Bank Sustainability variable (Y3). This indicates that the sustainability of Bank BRIs was greatly influenced by the factors of innovation culture that were reflected in several indicators, namely the innovation culture that was generally applied, organized and in each BRI leader to always innovate to deal with problems with different and new ideas.

This research is in line with the findings in his research at one of the major banks in Malaysia, stating that the bank sustainability was significantly influenced by the Bank's innovation culture. Torjanski (2016) added that strategic innovation was a major component in Bank Sustainability. This theory was reinforced by Kalyani (2011), where the theory stated that Innovation Culture in a company is the desire to innovate, the fulfillment of infrastructure to innovate, the behaviors needed to influence the value orientation and market orientation and the environment. Bank BRI needs to improve its strategy through Innovation Culture.

H5: The Effect of Bank Performance on Bank Sustainability

Based on Table 3, it can be explained that the Bank Performance variable (Y2) had a significant positive effect on the Bank Sustainability variable (Y3). Which means, the higher the Bank Performance (Y2) will increase the Bank Sustainability variable (Y3), where the Path coefficient obtained was 0.143 with a p-value of 0.016. Because the p-value was < 0.05 , the statistical hypothesis stated that H_0 was rejected, meaning that the Bank Performance variable (Y2) had a significant effect on the Bank Sustainability variable (Y3). A well-managed performance will have a good effect on the Bank performance.

This research is in line with several previous studies, namely research (Jane Maley, 2014) that discussed the failure of Performance that will greatly affect employee development and work environment balance. This research found that Bank Performance had a significant effect on Bank Sustainability. This research is not in line with the findings, that Bank Performance influenced Bank Sustainability. Research by stated that there was a long-term relationship between Bank Margin (BM) of Sharia Banks and its determinants. Along with increasing interest rate volatility, BM of Sharia Banks responded negatively while conventional banks responded positively. This is in contrast to most other studies that show BM and interest rate volatility were positively related. Bank BRI sustainability is important for the company. Based on the direct effect, the results of this research showed a significant effect between Bank Performance and Bank Sustainability. This means that this indicates that the performance at Bank BRI needs to be improved so that it can support the sustainability of Bank BRI. The concepts of sustainability need to be developed by BRI as outlined in the

Sustainable Financial Action Plan (RAKB) of PT. Bank Rakyat Indonesia (Persero) Tbk. The objective of RAKB of BRI is to increase the company’s resilience and competitiveness in facing the challenges of an increasingly dynamic banking world, with the performance-oriented achievement towards sustainable development (Sustainable Development Goals/SDGs) in terms of financing (assets), fund raising (liabilities), operational and human capital.

H6: The Effect of Transglobal Leadership on Bank Sustainability

Based on Table 3, it can be concluded that the Transglobal Leadership variable had a significant positive effect on Bank Sustainability (Y3). Which means, the higher Transglobal Leadership (X) will increase the Bank Sustainability variable (Y3), where the Path coefficient obtained was 0.401 with a p-value of < 0.001. Because the p-value was < 0.05, the statistical hypothesis stated that H0 was rejected, meaning that the Transglobal Leadership variable (X) had a significant effect on the Bank Sustainability variable (Y3).

In line with Utami’s research (2015) which stated that the Bank Sustainability was influenced by the existence of Leadership in a company. The bank sustainability requires support from various aspects so there is a need for a strategy to support the bank sustainability. It is necessary to increase the sustainability implementation strategy of PT. Bank Rakyat Indonesia (Persero) Tbk. which consists of Asset Strategy, Liabilities Strategy, Operational and Human Capital Strategy that have been listed in SK 17-DIR/DMR/04/2017 BRI Directors in 2017. Therefore, there is a need for leaders who can direct, character-oriented, and who are able to control the sustainability implementation strategy in Bank BRI.

Here is the figure of direct effect:

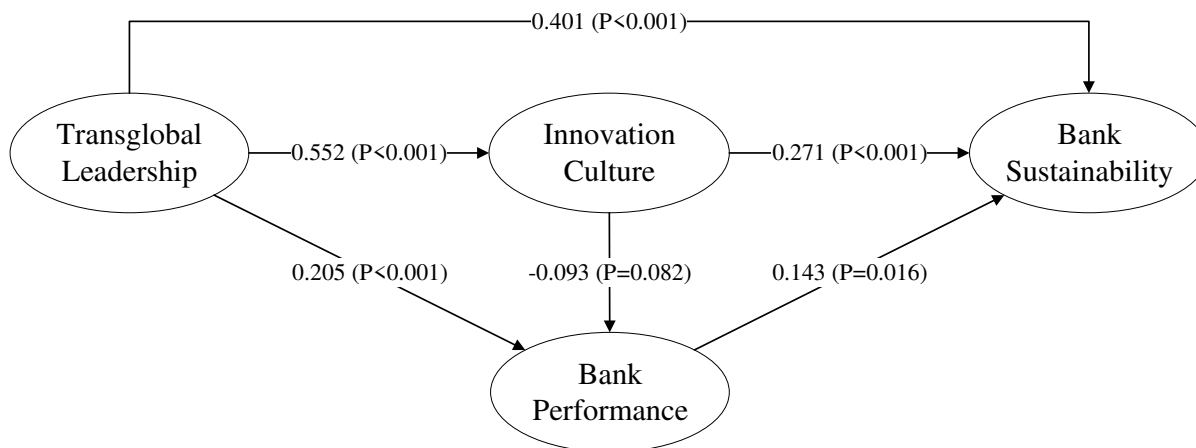


Figure 3. Direct Effect

Table 4. Estimated Results and Testing of Indirect Effects

Effect between Latent variables			Path coefficient	p-value	Conclusion
Predictor Variable	→	Response Variable			
Transglobal Leadership (X)	→	Bank Performance (Y2)	-0.051	0.140	Not significant
Transglobal Leadership (X)	→	Bank Sustainability (Y3)	0.179	0.003	Significant
Innovation Culture (Y1)	→	Bank Sustainability (Y3)	-0.013	0.390	Not significant

Indirect Effect of Transglobal Leadership on Bank Performance through Innovation Culture As Mediating Variable.

Based on table 4, it was stated that the Transglobal Leadership variable (X) had a negative but insignificant effect on the Bank Performance variable (Y2) mediated by Innovation Culture (Y1). Because the p-value was >

0.05, the statistical hypothesis stated that H₀ was accepted, which means that the Innovation Culture variable (Y₁) was not able to mediate the Transglobal Leadership (X) and Bank Performance variable (Y₂).

Indirect Effect of Transglobal Leadership on Bank Sustainability through Innovation Culture and Bank Performance As Mediating Variable.

Based on table 4, it was stated that the Transglobal Leadership variable (X) had a significant positive effect on the Bank Sustainability variable (Y₃) mediated by Innovation Culture (Y₁) and Bank Performance (Y₂). Because the p-value was < 0.05, the statistical hypothesis stated that H₀ was rejected, meaning that the Innovation Culture (Y₁) and Bank Performance variable (Y₂) were able to mediate the Transglobal Leadership (X) and Bank Sustainability variable (Y₃) by 0.179.

Indirect Effect of Innovation Culture on Bank Sustainability through Bank Performance As Mediating Variable.

Based on table 4, it was stated that the Innovation Culture variable (Y₁) had a negative but insignificant effect on the Bank Sustainability variable (Y₃) mediated by Bank Performance (Y₂). Because the p-value was > 0.05, the statistical hypothesis stated that H₀ was accepted, which means that the Bank Performance variable (Y₂) was not able to mediate the Innovation Culture (Y₁) and Bank Sustainability variable (Y₃).

Conclusion

Based on the results of the analysis that has been done, the conclusion can be drawn as an answer to the problems and objectives that have been set, namely: Transglobal Leadership had a positive and significant effect on Innovation Culture; Transglobal Leadership had a positive and significant effect on Bank Performance; Innovation Culture had a negative and insignificant effect on Bank Performance; Innovation Culture had a positive and significant effect on Bank Sustainability; Bank Performance had a positive and significant effect on Bank Sustainability; Transglobal Leadership had a positive and significant effect on Bank Sustainability. In addition, Transglobal leadership had an insignificant indirect effect on bank performance through a Innovation Culture; Transglobal Leadership had a significant and positive indirect effect on Bank Sustainability through Innovation Culture; Innovation Culture had an insignificant indirect effect on Bank Sustainability through Bank Performance.

The companies are suggested to maintain or improve the balance of innovation culture that has been applied in terms of individuals (managers), organizations or in general because it is needed to support the company sustainability. This research measured the sustainability of banks using the Transglobal Leadership model. For further researchers, it can eliminate the limitations of research as revealed by conducting research on different cultural settings with broader leadership models.

Research Contribution

This research contributes to help the government to provide guidance to Bank BRI and other SOEs to help the company sustainability. In addition, information from the results of this research can be used to pass policy formulations to improve banking performance in Indonesia in general and state-owned banks in specific. Policy that is formulated is expected to be more effective and on target, considering that it is formulated based on scientific empirical studies. In addition, it will facilitate investors in making decisions to make investments. Meanwhile, information that investors need to consider about company performance, in this case is bank performance, is important information for investors. However, the more important thing is information about bank sustainability, which is information that is needed by investors.

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