

Letter of Assignment
Management Office
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The Rector of Pembangunan Jaya University hereby assigns:

Name	Position	Work Unit
Dr. Hastuti Naibaho, M.Si.	Head of Study Program	Management
Dr. Yohanes Totok Suyoto, SS., M.Si.,CPMA	Lecturer	Management
Dr. Endang Pitaloka S.E., M.E.	Lecturer	Management

to conduct:

Activity : Conference of The 27th Eurasia Business and Economics Society

Destination : Denpasar - Bali

In town Out of Town Overseas

Day/ Date : Thursday – Saturday/ January 10 – 12, 2019

Classification : Written Invitation Verbal Invitation Others

This letter is to certify that our employee is representing Universitas Pembangunan Jaya and is performing their duty off campus. The participants are obliged to make official travel reports.

Issued at : Bintaro Jaya, South Tangerang

Date : December 10, 2018

Assignor


Leenawaty Limantara, Ph.D.
Rector of Universitas Pembangunan Jaya

CC

- Human Resources Department
- Finance Department

- Scanned certificate (if any) is to be submitted to Quality Assurance Human Resources Departments;
- Scanned/ soft copy of material from the event is to be submitted to the Library as the centralized document center

Acknowledged By,


Event Committee




27th EBES Conference - Bali

January 9-11, 2019

Bali, Indonesia



Jointly organized with the Faculty of Economics and Business
Universitas Sebelas Maret (FEB-UNS)

Certificate of Participation

This is to certify that:

Endang Pitaloka

(Universitas Pembangunan Jaya, Indonesia)

has participated in the *27th EBES Conference – Bali* held in Bali, Indonesia on January 9-11, 2019 and orally presented a paper entitled “The Global Leadership in Indonesia SOE”.

President

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Conference Coordinator

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THE GLOBAL LEADERSHIP IN INDONESIA STATE-OWNED ENTERPRISE (SOE)

--Manuscript Draft--

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THE GLOBAL LEADERSHIP IN INDONESIA STATE-OWNED ENTERPRISE (SOE)

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Abstract

The Ministry of Stated-Owned Enterprise (SOE) of Indonesia issued a policy to all SOE that have become global to design an effective training and development program to create the global leader. Some SOE responds to the policy to build a corporate university. A corporate university is an educational entity that is a strategic tool designed to develop the future leader. This study aims to analyze what factors shape global leadership. This research object is SOE that has become global and has a corporate university. The unit of analysis is SOE manager who has duties and responsibilities at the global level. The research method used is an explanatory survey, collected through a questionnaire distributed to 394 SOE managers. The Structural Equation Model was used to analyze the data. The results showed that leadership development program has no significant effect on global leadership directly. Leadership development programs have a positive effect and significant on global leadership through learning organizations and knowledge management. The Sobel test result also confirmed that both the learning organization and knowledge management are the mediating variables. This study obtained novelty that leadership development programs supported by learning organization and knowledge management able to shape global leadership. It can be concluded that although leadership development programs have been held and well organized by the corporate university, participating in the programs cannot shape global leadership directly. Another stage is needed. The leadership development program that integrated with learning organization and knowledge management may shape global leadership.

Keywords: Leadership Development Program. Learning Organization. Knowledge Management. Global Leadership. State-Owned Enterprise.

JEL Classification J24. L32. M12

1 INTRODUCTION

The present of global leaders is a must for companies that are transformed into global companies. The definition of Global leadership is characterized by specific tasks, activities, job scope, roles and responsibilities that global leaders take on (Mendenhall, et al. 2012). Global leaders can be defined as leaders in global business with a global mindset in complex and diverse environments (Hassanzadeh, et al. 2015). For a world-class company, global leaders have an important role in improving organizational performance and increase organizational competitive advantage (Tung 2001). Global leaders play an important role in developing and sustaining a competitive advantage (Caligiuri and Tarique 2012).

As global enterprises are rapidly emerging, some numbers of Indonesia State-owned enterprises (SOE) has expanded their market globally. In realizing the importance of the presence of global leaders, the Ministry of State-Owned Enterprises (SOE) issued a policy of “State-Owned Enterprise Reformation”. This policy includes designing effective training and learning centers, preparing professional leaders and bureaucratic reform (BUMN Insight 2016). As a response to the Ministry of SOE policy, several SOE changed their learning center into Corporate University. In 2016 there were 9 SOE that had established Corporate Universities, those 9 SOE had become a global company. These include Banking sector, Energy, Telecommunication, Transportation and Mining. A corporate university is an educational entity that is a strategic tool designed to assist its organization in achieving its mission by conducting activities that cultivate individual and organizational learning, knowledge, and wisdom (Allen 2010). The corporate university is a strategic entity designed to develop the future leader (Pitaloka, et al. 2018).

Several studies showed that learning organization and knowledge management may improve leadership skills and leaders capability. According to Baldomir (2009), the learning organization contributes to the presence of an effective leader. That is why an organization turns their organization into a learning organization. Other studies show that to have superior leaders the organization must apply knowledge management (Bozdogan 2013). Knowledge management will produce competent and superior leaders called knowledge leadership (Donate and Pablo 2015).

In this study, the author argues that Indonesia SOEs should come out with strategies for global leadership. The SOEs should also develop their corporate universities program in preparing future leaders. However, there is less empirical evidence in global leadership, especially in Indonesia. The purpose of this study is to analyze the factors that shape the global leadership directly and indirectly in Indonesia State-Owned Enterprises. There are three novelty in this study, first, so far the concept of global leadership has never been studied in Indonesia. Second, there are less empirical studies on leadership development program held by the corporate university. Third, the global leadership model has never been proposed by previous research before. Therefore this study highlight the global leadership model.

2 THEORITICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

2.1 THEORITICAL BACKGROUND

Leadership Development Program

Leadership development program is a systematic approach to enhance organizational leadership skill. The leadership development program is aligned with the organization mission, vision, values, goals and strategic initiatives (Byrne and Rees 2006). The foundation components of the leadership development program are a philosophy of leadership development program, a conceptual framework for leadership development program, an operational strategy for leadership development program (Byrne and Rees 2006). An effective leadership development program sets the conditions for direction, alignment, and commitment at the individual, group and organizational levels (Low 2013).

In some organization, an effective employee development program for the manager, set hierarchical for the entry-level manager, for experienced supervisors and managers, For senior managers. According to Lancaster and Milia (2014), The main factors that support manager development include a strong alignment between course content, and corporate strategy; Senior manager involvement as a guest speaker, coaching support, promoting success story; providing the high-quality program (Lancaster and Milia 2014).

Another approach to leadership development is the corporate university. The corporate university approach tends to be more structured, organized, and integrated into the organization overall strategic plan (Lawson 2008). The corporate university success depends on contents alignment with the

company's business strategy, purpose and value; the involvement of senior leaders in the learning process; the Corporate University also completed with excellent facilities (Lawson 2008). Align with Lawson (2008), Pitaloka, et al. (2018) found that the key elements of corporate university performance are Content Aligning, Senior manager support, Trainer quality, excellent facilities. Those elements contribute to improving leaders competence and leaders capacity. The corporate university is identical to the use of the latest advances in information and telecommunication technology in future leader development programs.

According to Daft (2010), the corporate university is a popular approach to training and development. The corporate university is an in-house training and education facility that offers broad-based learning opportunities for employees (Daft 2010). Tsyganenko (2014) highlight that corporate university is an effective leadership program that aims to enhance leadership capacities that lead to leader performance improvement and organizational effectivity. Formal training, action learning, and networking are the essential component in leadership development program (Tsyganenko 2014).

In this study, the author defines leadership development program as a series of well-planned activity to create future leaders by increasing competencies and strengthening the character of leaders. The dimension of leadership development program adopted the concept proposed by Lawson (2008) and Lancaster and Milia (2014). This resulted in three dimensions: 1) **Content alignment**: content align with job assignment, job competence, and organization goals; 2) **Senior manager support**: senior managers are involved as speakers, willing to be a mentor, share their success story; 3) **Excellent facilities**: conducive learning environment, hi-technology facilities, qualified speaker.

Learning Organization

Learning organization refers to the organization that focuses on "learning" as a crucial component in its values, visions, and goals, as well as all of its functions (Kanten, Kanten and Gurlek 2015). It is believed that the learning organization is a way out for the organization to survive in a rapidly changing business environment. One of the popular instrument in measuring learning organization is the Dimension of Learning Organization Questionnaire (DLOQ) captured by Watkins and Marsick (1993). Watkins and Marsick (1993) defined a learning organization as "an organization that has implemented structure, processes and organizational culture that continuously foster individual, team and organizational learning and which results with permanent changes in behavior and organizational processes". Watkins & Marsick conduct seven dimensions of learning organization include 1) Continuous Learning; 2) Inquiry and Dialogue; 3) Collaboration; 4) Embedded Systems; 5) Empowerment; 6) System Connections; 7) Strategic Leadership.

Although DLOQ concept is a western concept this can be applied in the Asian region. Xiaohi and Baiyin (2007) suggest that DLOQ is applicable to the context of China State-Owned Enterprise and Private enterprises. In China SOE, learning organization has a positive effect on employees job satisfaction and perceived organizational performance (Xiaohui and Baiyin 2007). Hussein, et al. (2016) showed that DLOQ is fit to measure learning organization in Malaysia public institution. The result showed that all learning organization dimensions were significantly affect on organizational performance and organizational innovativeness (Hussein, et al. 2016).

Many previous studies have shown that the learning organization is an important element in improving organizational performance and individual performance. Organizations must take actions that enable them to change quickly and successfully to achieve and sustain the competitive edge. In this study, the author defines a learning organization as a continual learning process conduct by the organization to improve organizational capacity and capability in facing environmental change. The dimension of learning organization adopted the concept proposed by Watkins and Marsick (1993). In this study learning organization measure by six dimensions: 1) **Continuous learning**; organization provide continuous learning opportunity, learning is designed in to work 2) **Inquiry and dialogue**: opportunity to express employee view, listen to view of other, support feedback and experimentation; 3) **Collaboration**: promote teamwork and collaboration; 4) **Embedded systems**: provide learning system, technology support, integrated learning system with work; 5) **Empowerment**: promote self initiatives, promote control over the resources to accomplish work, high responsibility on work and risk calculation; 6) **System connections**: fulfill mutual needs with outside community, knowing the impact of organization activity on the environment.

Knowledge Management

Knowledge management focuses on the use of technology and utilizing the network to improve the flow of information and knowledge in the organization. Knowledge management enables the organization to update the knowledge systematically and explicitly in order to improve organization performance.

In public sector knowledge management have an important role in improving public service and society welfare (Jain and Jeppesen 2013). Moreover, Knowledge is a key factor in product innovation (Levy, Tabatchnik and Akron 2018). Knowledge management refers to techniques used by the organization to create, share and utilize knowledge to achieve organization goals (Jain and Jeppesen 2013). According to Jain and Jeppesen (2013), the dimension of knowledge management includes knowledge acquisition, knowledge development, knowledge sharing, knowledge exploitation. Talisayon (2013) measure knowledge management in four dimensions: the integrated approach, create knowledge, share knowledge, apply knowledge (Talisayon 2013).

Another research on knowledge management in public sector conduct by Cong and Pandya (2013) showed that knowledge management is important for improving Service delivery and policy-making in the public sector. Knowledge management is the ability of an organization to use its knowledge through the process of acquiring knowledge, sharing knowledge and exploiting technology to achieve organizational goals (Cong and Pandya 2013). The knowledge management process stages include: identify, capture, select, store, share, apply, create (Cong and Pandya 2013). Fernandez and Sabherwa (2015) highlight the element of knowledge management: knowledge process, procedures, intellectual property, documented, forecasting, solutions for recurring problems, lessons learned.

In this study knowledge management is an effort to manage knowledge including the process of acquiring knowledge, the process of sharing knowledge and implementing knowledge to achieve organizational goals. The dimension of knowledge management adopted the concept proposed by Jain and Jeppesen (2013), which uses the public sector as the research object. The dimension of knowledge management include 1) **knowledge acquisition**: acquire knowledge, select knowledge, store knowledge; 2) **knowledge sharing**: knowledge sharing in individual and team, motivate to spread the knowledge; 3) **knowledge application**: apply the knowledge to finish work/ job task/ create innovation.

Global Leadership

Over the decades scholars has discuss the global leadership construct. McCall and Hollenbeck (2002) define a global leader in simple definition as “those who do global work”, global leader deal with business and cultural complexity in work on a global area (McCall and Hollenbeck 2002).

Global leaders are individuals who effect significant positive change in organizations by building communities through the development of trust and the arrangement of organizational structures and processes in a context involving multiple cross-boundary stakeholders, multiple sources of external cross-boundary authority, and multiple cultures (Mendenhall, et al. 2008). Mendenhall, et al. (2008) identified three dimensions of global leader: Perception, Relationship, and Self-competencies. Perception means the global leader are open-minded, flexible, and critical thinking/ Inquisitiveness. The relationship represents relationship interest, interpersonal engagement, emotional sensitivity, self-awareness, and social flexibility. Self-competencies represent optimism, self-confidence, self-identity, emotional resilience, non-stress tendency, and stress management (Mendenhall, et al. 2008).

According to Bird, et al. (2010) the core competencies of global leader are cognitive complexity, emotional energy, physiological maturity (Bird, et al. 2010). Bird, et al. (2010) also stated that there were six main characteristics of global leaders: intercultural adaptability, ability to develop individuals across diverse culture, global strategic thinking, global team building, the ability to start up business in a new market, and ability to interact with local political interests. According to Cohen (2010), the attributes of the global leader include global mindset, appreciating cultural diversity, developing technological savvy, building partnerships and alliances, sharing leadership. In this complex environment, the most important attribute of the global leader is a global mindset (Cohen 2010).

This study defines the global leadership as a leader with tasks and responsibilities in a global environment and has the ability to address global issues. This study combined the concept of global leaders, proposed by Mendenhall, et al. (2008) and Bird, et al. (2010). This resulted in three dimensions of global leadership 1) **personality**: open-minded, adaptive, critical thinking, emotional resilience; 2) **global mindset**: global strategic thinking, global issues sensitivity; 3) **cultural awareness**: flexible to cultural diversity, intercultural adaptability.

2.2 HYPOTHESIS DEVELOPMENT

▪ Leadership Development Program and Global Leadership

The organization must support employee development by providing high-quality training and development program. Participation in training classes, leader-member exchange, and career mentoring was each positively related to employees' perceptions of organizational support for development (Kraimer, et al. 2011). Kraimer, et al. (2011) also found that Employee development was positively related to job performance, but only when perceived career opportunity within the organization was high..

Effective employee development improves employee competencies and personal values so as to enhance employee careers. Ricketts (2015) showed that leadership development is a strategic approach to improving leadership characteristics. Career development and employee development aims to sharpen employee competencies to be employees who have positive behaviors and personalities that improve organizational performance (Ricketts 2015)

In contrast to Ricketts(2015), research conducted by Karuss and Wilson (2014) showed that leadership development has no significant effect on leaders performance. But it has a significant effect on financial performance, measured by Return on Investment (ROI). This research suggest that leadership development programs need to be integrated with other factors to improve leader performance. Hagemann and Stroope (2013) also showed that leadership development program has no significant effect on leaders competence. A study of leadership development program by Aldulaimi (2016) showed that leadership development program improving leaders effectiveness.

This study highlight the leadership development program at the corporate university. Organizations provide leadership development programs to create the best talent and create future leaders. This led to the follow proposition:

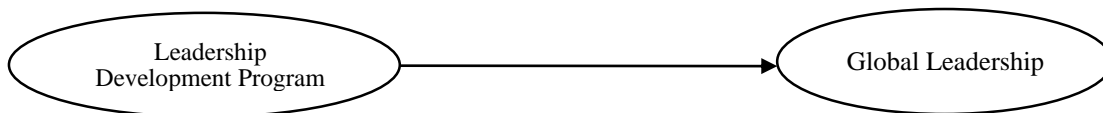


Fig. 1 Proposition of Leadership Development Program on Global Leadership

Form the proposition above, this study posits the following hypothesis

H1: leadership development program has significant effect on global leadership.

▪ Leadership Development Program and Learning Organization

Leadership development program is essential to suit a specific leaders skills requirement. Several studies showed that leadership development enhances learning oriented leader. Hussein, et al. (2007) showed that leaders' skills and behaviors have a positive and significant effect on the learning organization. Leaders skills and behaviors can be improved by leadership training and development program. Another studied by Wu and Haley (2011) showed that leadership training and workplace training have a significant impact on the learning organization. More leadership training hours and workplace training our, resulting in higher DLOQ scores. The organization should provide leadership development before implementing a learning organization (Prewitt 2013). Align with Perwit (2013), To encourage employee learning, the organization must provide high-quality development programmes; ensure that course content is aligned with the organization strategy and the employees work; and ensure senior management commitment in supporting employee development process (Lancaster and Milia 2014).

From the previous studies above, it can be concluded that when the organization provides leadership development program, this may improve leadership skills. In that way, the leader can implement learning organization practice. Thus, this study proposes the 2nd proposition:

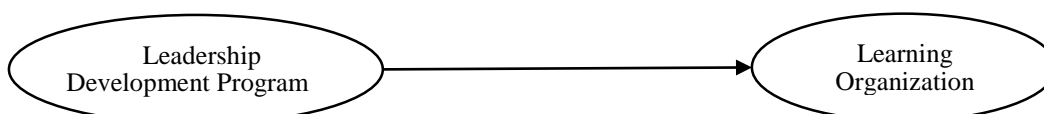


Fig. 2 Proposition of Leadership Development Program on Learning Organization

▪ Learning Organization and Global Leadership

Learning organizations are shown by organizations that continue to learn and improve their organizational capability. For leaders, applying learning organizations may lead to self-development and continuous improvement. Leaders must update their knowledge and their ability to adapt to a dynamic organizational environment.

The leader of a learning organization is an effective leader who is a knowledge-oriented leader, a lifelong learner, and able to create an organizational vision for the long-term (Baldomir 2009).

A study by Magzan (2012) showed that the learning organization dimension represent by mental models affect both leadership effectiveness and organizational development. Yao, Wang, and Ma (2014) showed that learning organization and innovation has a significant impact on leader performance and firm performance. Learning and innovation have a significant impact on performance, culture, and leadership (Yao, Wang and Ma 2014).

It is important for leaders to apply learning organization in order to be an effective leader and a competitive leader in the global era. This led to the 3rd proposition as follow:

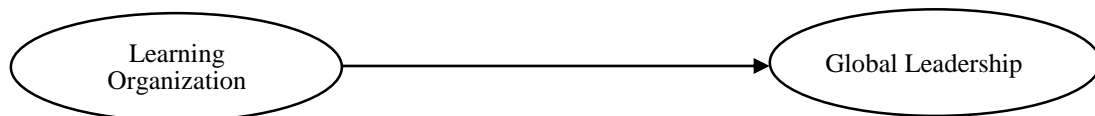


Fig. 3 Proposition of Learning Organization on Global Leadership

Based on the 2nd proposition and 3rd proposition, this study proposes the following hypothesis:

H2: learning organization mediates the effect of leadership development program on global leadership

▪ Leadership Development Program and Knowledge Management

Previous studies have acknowledged the importance of leadership development in improving knowledge management (Sohrabi, et al. 2015). Leadership development program enhances the value of employees. Training and development professionals will help increase not only the intellectual capital of a company, but also the skill set of the employees involved (Kathy, Loren and Zane 2005). Training of human resources is effective in achieving the objectives of knowledge management and organizational performance.

Leadership development improving interpersonal skills that fill the gap of the knowledge management capability and firm performance (Masa'deh, Mohammad and Karajeh 2014). The training program, top management support, IT support has a significant relationship with knowledge management (Noo and Nasirun 2015).

Based on the previous study above, the author concludes that a successful knowledge management depends on the effective leadership development program. Thus, the author purposed the following 4th proposition:

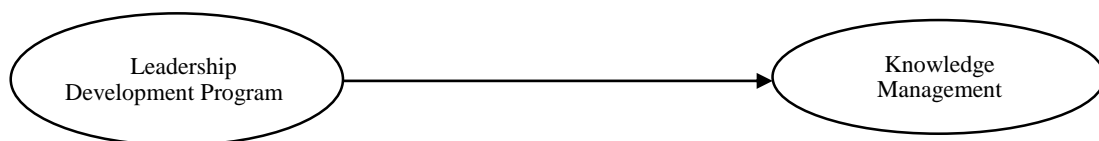


Fig. 4 Proposition of Leadership Development Program on Knowledge Management

▪ Knowledge Management and Global Leadership

In this rapidly change business environment, the organization become more knowledge base. The need for leadership development, encourage organization moved from traditional industrial firm to knowledge-intensive firm (Kuivalainen, et al. 2009). Alwahri and Al-jarrah (2012) proved that Knowledge management processes have a significant effect on strategic competence which is important to the leader. The organization that has integrated knowledge management processes to strategic competence will survive in the global business environment (Alhawari and Al-jarrah 2012). It is an undeniable fact that organizations, which place prior importance on knowledge leadership, will be successful (Bozdogan 2013).

Donate and Pablo (2015) showed that knowledge improves organizational performance and product innovation. Knowledge management practices are important to encourage innovation and shaping knowledge-oriented (Donate and Pablo 2015). According to Shariatmadari and Forouzandeh (2015), knowledge management and human capital have a significant effect on transformational leadership. Leaders should be equipped with knowledge management and human capital (Shariatmadari and Forouzandeh 2015).

Knowledge management can improve leaders competence, encourage innovation that really needed in this era. Thus, this study posits the following 5th proposition:

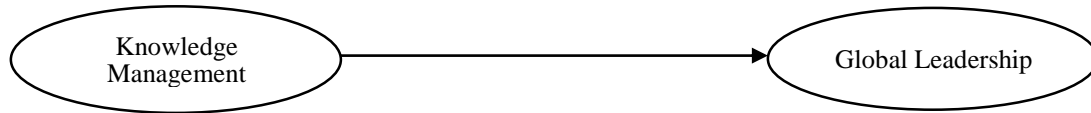


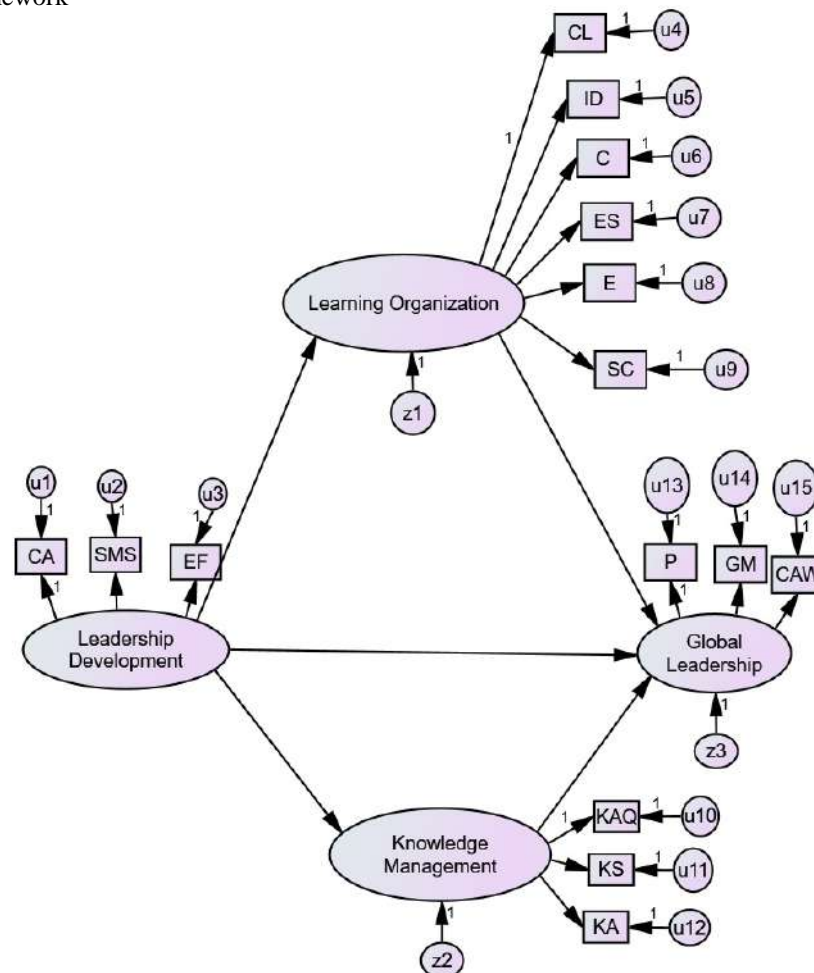
Fig. 5 Proposition of Knowledge Management on Global Leadership

The 4th proposition and 5th proposition led to the following hypothesis:

H3: knowledge management mediates the effect of leadership development on global leadership.

From the previous theoretical and research studies, the author proposed a research model as illustrated in figure 6:

Fig. 6 Research Framework



3 RESEARCH METHOD

This study is used explanatory survey method. The instrument of this study is a questionnaire, the samples were 394 SOE manager. A six-point Likert scale was used for responses (1 = *strongly disagree* and 6 = *strongly agree*). The instrument contained the following subscales: leadership

development program 9 items, learning organization 15 items, knowledge management 9 items, and global leadership 9 items. Leadership development program items were developed based on Lawson (2008) and Lancaster and Milia (2014) concept, learning organization Items were initially developed based on DLOQ by Watkins and Marsick (1993), knowledge management items were developed based on Cong and Pandya (2013), Jain and Jeppesen (2013) and global leadership items were developed based on Mendenhall, et al. (2008) and Bird, et al. (2010). The questionnaire will then be tested for validity and reliability. Furthermore, the data is processed by the Structural Equation Model (SEM) data analysis techniques for the hypothesis testing.

4 RESULT AND DISCUSSION

Respondents Profiles

All respondents are managers with at least 3 years experiences. About the gender of the respondents, 64 % were men and 36 % were women. About the age range, 51% respondents were 36-45 (51%), while the rests in the age range 26-35 (20%), 46-55 (27%), above 55 (2%). based on education level the majority of respondents have a bachelor's degree (53%), the rests are master's degree (41%) and doctoral degree (6%). All manager had attended corporate university program, about 60% of respondents had attended Corporate University courses for more than 6 times, 25% of respondents had attended Corporate University courses for 4-6 times, and the rests (15 %) had attended Corporate University courses for 2-3 times. About the overseas assignment, 18% had 2-3 assignments, 58% had 4-5 assignment, and 24% had more than 5 assignment.

Validity, Reliability Test, Goodness of Fit

This study used the loading factor for the validity test and construct reliability for the reliability test. The loading factor (λ) value of each dimension between 0,63 to 0,96, which mean that convergent validity was achieved. The Construct Reliability (CR) value between 0,75 to 0,84 for each item, indicating the good overall reliability of the questionnaire. The loading factor (λ) of each constructs and construct reliability can be seen in Table 1.

All the goodness-of-fit indices in this study are based on the criteria recommended by Hair et al. (2014). The result includes: CFI = 0.95, NFI = 0.94, IFI = 0.90, RFI = 0.96, AGFI = 0.95, GFI = 0.98, RMSEA = 0.064. Chi-square value of 442.5 with 85 degrees of freedom is statistically significant at the 0.05 significance level. The model is fit for the hypothesized model.

Table 1 The Loading Factor (λ) and Construct Reliability (CR)

Latent Variable	Manifest Variable	λ (load fac)	CR
Leadership developmnet program	CA	0.71	0.75
	LS	0.69	
	EF	0.70	
Learning organization	CL	0.79	0.89
	ID	0.82	
	C	0.66	
	ES	0.68	
	E	0.90	
Knowledge management	SC	0.63	0.79
	KAQ	0.82	
	KS	0.67	
Global leadership	KA	0.74	0.84
	PA	0.96	
	GM	0.77	
	CAW	0.65	

The Leadership Development Program

In the case of the leadership development program constructs, all of three manifest variables have a significant and positive impact on leadership development program (p-value = 1 %). Content Alignment (CA) have the largest value followed by Excellent Facilities (EF) and Senior Manager Support (SMS). Content alignment contributes to forming an effective leadership development program. Excellent facilities such as the latest technology, conducive learning environment, training method can motivate the SOEs managers to participate in the leadership development program held by Corporate University. The involvement of senior manager also motivate the SOEs managers to participate in the program. These results are consistent with Lawson (2008) and Lancaster and Milia (2014).

Learning Organization

All of six manifest variables have a significant and positive impact on learning organization (p-value = 1 %). The largest value in forming learning organization construct was Empowerment (E) followed by Inquiry and Dialogue (ID), Continuous Learning (CL), Embedded Systems (ES), Collaboration (C) and System Connections (SC). These results are consistent with Watkins and Marsick, Xiaohui & Baiyin (2007), Hyjek (2014) studied. All the manifest variables resulting form the effective learning organization practices, which improves the ability of SOE in dealing with global environmental changes.

Knowledge Management

Knowledge management form by 3 manifest variables includes: Knowledge Acquisition (KAQ), Knowledge Sharing (KS), Knowledge Application (KA). All of the manifest variables have a significant and positive impact on knowledge management (p-value = 1 %). The largest value of knowledge management construct was Knowledge Acquisition (KAQ), followed by Knowledge Application (KA) and Knowledge Sharing (KS). The result supported by Jain and Jeppesen (2013) and Cong and Pandya (2013) that studied knowledge management in the public sector.

Knowledge management enables fast transmission to disseminate important, valuable knowledge and information between individuals and groups. Knowledge management ensures that the right knowledge reach the right people at the right time. Next, the knowledge is shared among individuals and groups and finally they apply the knowledge to achieve organizationanl goals and to improve organizational performance.

The Global Leadership

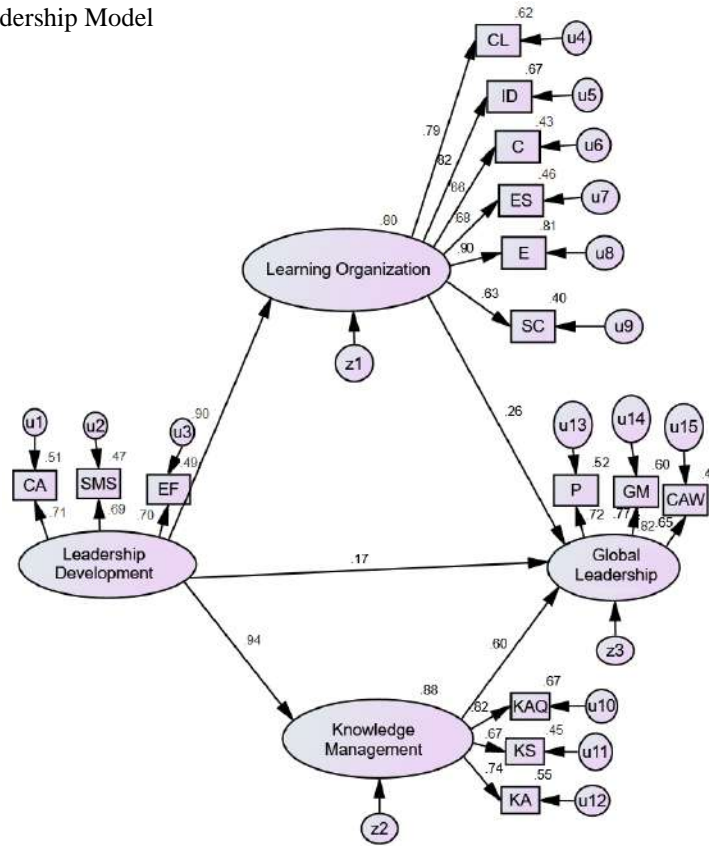
In the case of the global leadership construct, at p-value = 1 % all of the manifest variables showed statistically significant positive impact and these were Personality (P) Global Mindset (GM) and Cultural Awareness (CAW). Global Mindset (GM) have the greatest weight followed by Leader Personality (P) and Cultural Awareness (CAW).

All manifest variables are significant in forming global leadership as a latent variable. this result supported by Mendenhall, et al. (2008) and Bird, et al. (2010). Global mindset and cross-cultural awareness make it a distinctive characteristic between global leaders and local leaders (Bird, et al. 2010).

The Hypothesis Testing

As mention before, this study used Structural Equation Model (SEM) for the hypothesis testing. The result can be seen in figure 7 as follow:

Fig. 7 Global Leadership Model



◆ **Hypothesis 1: Leadership Development Program Has Significant Effect on Global Leadership**

The hypothesis 1 result can be seen in Table 2 below.

Table 2 Estimation Output of Leadership Development Program (LDP) on Global Leadership (GL)

	Regression Weights	Standardized Regression Weights	Standard Error	p-value
LDP → GL	1.319	.172	1.091	0.115

Based on table 2, the leadership development program has no significant effect on global leadership. The result is in line with Kraus and Wilson (2014); Hagemann and Stroope (2013). Global leadership cannot be shaped only by participating leadership development program. Although leadership development program supported by content alignment, senior manager support and excellent facilities it can't shape global leadership directly. Leadership development program may not be relevant to improve the quality of leader performance directly (Kraus and Wilson 2014). According to Hagemann and Stroope (2013), leadership development program cannot improve leaders quality directly. Leadership development programs may have a positive impact on the quality of leaders if it follows by strategic job assignments (Hagemann and Stroope 2013).

In line with previous research, This result indicates that another variable is needed to support the leadership development program in shaping global leadership.

◆ **Hypothesis 2: Learning Organization Mediate The Effect Of Leadership Development Program on Global Leadership**

Table 3 below, present the hypothesis 2 result.

Table 3 Estimation Output of Leadership Development Program (LDP), Learning Organization (LO) on Global Leadership (GL)

	Regression Weights	Standardized Regression Weights	Standard Error	p-value
LDP → LO	0.365	0.896	0.075	0.000
LO → GL	1.362	0.256	0.087	0.000

The table above showed that leadership development program has a positive significant effect on learning organization and learning organization has a positive significant effect on global leadership. This result indicates that the learning organization is the mediating variable. In order to test whether the learning organization mediates leadership development program on global leadership, the author used the Sobel test as follow:

$$S_{ab} = \sqrt{b^2 S_a^2 + a^2 S_b^2 + S_a^2 S_b^2}$$

$$t_{statistic} = \frac{ab}{S_{ab}}$$

S_{ab} : Standard error of independent variable and mediating variable

a : unstandardized regression coefficient for the association between independent variable and mediator variable

b : unstandardized regression coefficient for the association between mediator variable and dependent variable

S_a : standard error of *a*

S_b : standard error of *b*

$t_{value(\alpha = 0.05)} = 1.96$

$a = 0.90$ $S_a = 0.075$

$b = 0.26$ $S_b = 0.087$

$$S_{ab} = \sqrt{0.26^2 0.075^2 + 0.90^2 0.087^2 + 0.075^2 0.087^2}$$

$$S_{ab} = \sqrt{0.0065} = 0.081$$

$$t_{statistic} = \frac{0.90 \times 0.26}{0.081} = 2.89$$

The Sobel test result showed that $t_{statistic} > t_{value}$, it can be concluded that the learning organization mediates the effect of leadership development programs on global leadership. The leadership development program has a significant effect on the learning organization. This result in line with Hussein, et al. (2007), Wu and Haley (2011) and Lancaster and Milia (2014). Content alignment, senior manager support, and excellent facilities support the learning process and motivate the manager to learning continuously. The managers have more insight into their work and their organization. This stimulates the managers implementing learning organizations. Moreover, the managers might encourage all employee to implement learning organization. Learning organization will improve SOEs capability to face environmental changes and global challenges.

The leadership development program that integrated to learning organization practices resulting in a learning-oriented leader. The lesson learns that SOEs managers have gained from the program is followed up with continuous learning at all organization level, applying inquiry and dialogue, collaboration, empowerment, establishing relationships with various stakeholder and by utilizing the learning systems that the organization has provided.

Learning organization has a significant effect on global leadership. Align with the previous study (Baldomir 2009), Magzan (2012) showed that learning organization effect leadership effectiveness and Yao, Wang and Ma (2014) showed that learning organization effect leaders performance. In this study, learning organization practices lead to continuous learning and continuous improvement that will drive SOEs manger to be a global leader. Learning organization practice shape leaders personality, sharpen the global mindset and increase the tolerance on cross-cultural issues.

Leadership development programs supported by learning organizations will form global leaders characteristics such as leaders personality (open-minded, adaptive, critical thinking and emotional resilience). It also sharpens the global mindset, managers are more sensitive to global issues.

The managers not just following the global issues but also analyze its impact on organization business. Likewise, with global cultural awareness, managers are more aware of global cultural diversity, they can also take a lesson from the diversity to achieve organization goals.

Leadership development programs that are reinforced by learning organization practices can shape global leadership. The more effective leadership development program the better learning organization and the stronger global leadership.

So far there has been no research that studies the indirect effects of leadership development programs on global leadership through learning organizations. This can be the novelty of this research.

◆ **Hypothesis 3: Knowledge Management Mediate The Effect Of Leadership Development Program on Global Leadership**

Table 4 Estimation Output of Leadership Development Program (LDP), Knowledge Management (KM) on Global Leadership (GL)

	Regression Weights	Standardized Regression Weights	Standard Error	p-value
LDP → KM	7.054	0.937	0.090	0.000
KM → GL	0.902	0.605	0.087	0.000

The hypothesis results showed that leadership development program has a positive significant effect on knowledge management and knowledge management has a positive significant effect on global leadership. The author uses the Sobel test to test whether knowledge management is a mediating variable or not. The Sobel test is:

$$a = 0.94 \quad S_a = 0.09$$

$$b = 0.60 \quad S_b = 0.087$$

$$S_{ab} = \sqrt{0.60^2 0.09^2 + 0.94^2 0.087^2 + 0.09^2 0.087^2}$$

$$S_{ab} = \sqrt{0.0097} = 0.0983$$

$$t_{statistic} = \frac{0.94 \times 0.60}{0.0983} = 5.74$$

The result above, show that knowledge management mediates the effect of leadership development programs on global leadership.

Leadership development has a significant effect on knowledge management. Several studies (Masa'deh, Mohammad and Karajeh 2014; Sohrabi, et al. 2015) support this result. By participating in a leadership development program at Corporate University, SOE managers can gain knowledge regarding organizational interests. Leadership development programs support the SOEs managers to obtain the knowledge they need. The program encourages managers to capture the right knowledge and information from various sources including from competitors and consumers. Managers are also encouraged to share knowledge and apply the knowledge to complete their work, to solve their organizational problem, and to achieve organizational goals.

Knowledge management has a significant effect on global leadership. This result in line with several studies, knowledge management contributes to strategic competence (Alhawari and Al-jarrah 2012), shaping knowledge-oriented leader (Donate and Pablo 2015) and have a significant effect on transformational leadership (Shariatmadari and Forouzandeh 2015). By applying knowledge management practice, the SOEs managers personality improve. They become more open-minded, more adaptive, critical thinking, emotional resilience. Their global mindset also sharpens, and have no cultural boundaries. Managers become sensitive to global issues and responsive to the global changes. In addition, they welcome to cultural diversity and well manage the cross-culture issues.

Leadership development program support by knowledge management practice resulting in global leadership. The more effective leadership development program the better knowledge management practice and finally shape the global leadership.

So far there has been no research that analyzes the indirect effects of leadership development programs on global leadership through knowledge management. This is the originality and the novelty of this study.

5 CONCLUSION

The leadership development program has no significant effect on global leadership directly. By attending and participating in the leadership program is not enough to shape global leadership. The leadership development program must follow with learning organization and knowledge management. The result showed that leadership development program has a significant indirect effect on global leadership through learning organization. Then the leadership development program also has a significant effect on global leadership through knowledge management.

The Leadership Development Program helps managers to understand their work and their organizational goals. The leadership development program encourages managers to carry out continuous learning through various processes such as learning from the work of interaction and dialogue and collaboration in the team. The organization also supports this learning by providing learning systems, empowering and establishing relationships with stakeholders and society.

In addition, the knowledge gained from the leadership development encourage managers to implement knowledge management. Where managers are motivated to capture the right knowledge and information. Managers also share their knowledge among individuals and teams. And finally, managers apply the knowledge to complete work, create innovation and improve organizational performance.

Leadership development program, learning organization, and knowledge management finally shape global leadership. The leaders have personal attributes which are open minded, adaptive, critical thinking and emotional resilience. They also have a better global mindset, and have a good awareness of the diversity of global culture. It can be concluded that this study resulting “The Global leadership model” and the novelty of this research is “the leadership development program supported by learning organizations practices and knowledge management shape global leadership”.

Limitation and Direction for Future Research

This study has several limitations. In the object aspect, this research study was only conducted on State-Owned Enterprises (SOE). Data collection in this study uses a quantitative approach with a questionnaire as the research instrument. For the next researcher can use a private company as an object of research so that it can be seen whether there is a difference between global leadership in SOE and global leadership in private companies. In addition, further research can also use other data sources besides questionnaires such as in-depth interviews and group discussions to further explore the global leadership model.

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