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INFLUENCE OF TRANSGLOBAL LEADERSHIP ON FIRM  
PERFORMANCE: INNOVATIVE WORK ENVIRONMENT MEDIATION  
AND GOVERNMENT ROLE AS MODERATING VARIABLE

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**Nasution, Ucok Binanga<sup>1</sup>, Margono Setiawan<sup>2</sup>, Rofiaty<sup>3</sup>, Sudjatno<sup>4</sup>: Influence of Transglobal Leadership on Firm Performance: Innovative Work Environment Mediation and Government Role as Moderating Variable, 18(2), 96-114. ISSN 1567-214x**

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**Abstract**

This study aims to 1) analyze and explain the effect of transglobal leadership on firm performance, 2) analyze and explain the impact of transglobal leadership on the innovative work environment, 3) analyze and explain the effect of the innovative work environment on firm performance, 4) analyze and explain the innovative work variables. The environment can be a mediator between transglobal leadership and firm performance, and 5) analyze and explain the innovative work environment variables as mediation for transglobal leadership on firm performance. The research was conducted at companies that are members of the Indonesian Chamber of Commerce as many as 158 companies. This research uses a simple random sampling technique, and data analysis uses structural equation modeling. The results show that 1) Transglobal leadership carried out by company leaders is not able to have a direct influence on firm performance, 2) Transglobal leadership has a positive and significant influence on the innovative work environment, 3, Innovative work environments increase firm performance, 4) Innovative work environment has a role in mediating the effect of transglobal leadership on firm performance, 5) Government role does not have a role as moderating the influence of transglobal leadership on firm performance. This study contributes practically by knowing what factors support the transglobal leadership variables, an innovative work environment, and government roles. The innovative work environment has an important role in shaping transglobal leadership.

## INTRODUCTION

The company is one of the profit organizations that aims to gain profits through a business that is carried out by focusing on planning, operating, and controlling strategies at both management and operational levels and having competitiveness to compete with existing competitors. To support an organization to operate properly, it requires supportive human resources. A superior organization places human resources as a priority asset whose development continues to be maintained concerning the ability, education, and skills of employees to support creating an effective and efficient organization so that the organization can achieve success and competitive advantage. The success of a company is also closely related to the leader who embodies the leadership style. The organizational theory states that the leadership factor is effectively a major factor in overall organizational performance (Duressa and Debela, 2014).

In early development, leadership styles emerged in local forms, some of which were transactional leadership and transformational leadership (Sharker et al, 2017). The evolution of leadership styles raises a new theory in the aspect of leadership proposed by Sharker et al, (2017), namely transglobal leadership, to answer new challenges in an increasingly competitive industry. Sharker et al, (2017) stated that transglobal leadership intelligence is not owned by transactional leadership (Burns, 1978) and transformational leadership (Bass, 1985), which solely observes the transactional side and transformational systems between leaders and subordinates and has not considered global aspects related to interests the wider public. Furthermore, Sharker et a., (2017) define transglobal leadership as leadership whose influence crosses cultural and state boundaries, is universal, and contributes greatly to humanity's spirit that changes human civilization. Transglobal leaders' merits make the lives of many people more beautiful, more prosperous, more dignified, or better. This leadership model is needed by a company, especially a company that operates globally, to gain trust and continue developing well in serving its customers worldwide.

In an increasingly competitive environment characterized by advancing technology, innovation has a major role in organizational sustainability (Smith and Tushman, 2005). Innovation is an important element as an effective tool for organizational survival (Wei et al, 2019). Innovation that comes from employees is one good way to drive innovation and organizational success (Mytelka and Smith, 2002). Scoot and Bruce (1994) explain that individual processes, activities, and behavior are stages in generating ideas due to social factors, fulfilling ideas by seeking support so that understanding of the ideas that others have in realizing ideas, either in the form of products or services can be referred to as an innovative work environment.

A company produces firm performance in a certain period by referring to the standards set (Rivai and Basri, 2004). Measurement of company performance activities is designed to estimate how performance activities and the final results are achieved to affect effectiveness and efficiency, authority or authority, obedience to applicable laws and regulations, and initiatives that have a relationship with creativity and thinking power in the company. Besides that, firm performance is also used to determine how effective a company is in operating. Firm performance is used as a reference in steps for improvement made by the company, based on information for projecting the future and increasing its credibility and accountability.

In this study, researchers developed a new research model that measures a leadership style with a transglobal form of leadership that can increase firm performance supported by an innovative work environment influenced by the government's role in its operation. In the course of this research, not only did we find supporting journals on which this research was based, but there were also different research results.

The relationship between the effect of transformational leadership on firm performance has been shown to have an empirical influence in research conducted by Nguyen et al, (2016), Chen, Sharma, Liu (2019), Boehm, et al, (2014) Chen, et al., (2019). The transformational leadership style can change subordinates' work environment, work motivation, work patterns, and work values to optimize organizational performance. Besides that, another study conducted by Loshali and Krishnan (2013) states that transformational leadership will ultimately result in higher levels of satisfaction and effectiveness among followers so that company performance increases (Bass, 1985).

The leader's vision, which is an important characteristic of the transformation process, plays an important role in motivating followers. This affects employee performance by inspiring them towards new goals and increasing their efficiency, which leads to better company performance. Transformational leaders are successful in increasing the confidence of colleagues, subordinates, followers, clients, or constituencies in a greater awareness of problem consequences. They bring about change, innovation, and new ways of working. They realize the need to revitalize, create new visions, and change to facilitate company transformation. It can be concluded that this study has limitations or research gaps. This study is not yet clear whether transglobal leadership can improve firm performance, and transglobal leadership can increase innovative work environments.

## LITERATURE REVIEW

### *Transglobal Leadership Theory*

There are two different terms of global leadership and transglobal leadership. Global leadership is a leader who has a spirit and thinking globally and has a global vision. Through global markets, every country is connected today. Therefore, global leaders need to have a global view and understand benefits at a global level. Future global leaders must have a worldwide perspective when making decisions, and they must have deep thought strategies as observers of global trends.

On the other hand, transglobal leadership has a deeper advantage compared to the context of global leadership. The meaning of trans in transglobal is that global leaders can break boundaries. Sharker et al, (2017) further define transglobal leadership as leadership whose influence crosses cultural and national boundaries. It is universal and contributes greatly to the spirit of humanity that changes human civilization. Transglobal leaders' merits make the lives of many people more attractive, more beautiful, more prosperous, more dignified, or better. The conclusion from understanding transglobal leadership is a leader who has tolerance for cultural differences and positively impacts every human being.

The characteristics of transglobal leadership lie in the intelligence the leader has and the behavior that is displayed. If global leadership only emphasizes global intelligence, transglobal leadership emphasizes more comprehensive six aspects of intelligence: IQ, moral intelligence, spiritual intelligence, business intelligence, cultural intelligence, and global intelligence. On the other hand, it is reinforced in transglobal leadership behavior that reflects resilience to uncertainty, pragmatic flexibility, team connectivity, responsiveness perceptions, and talent orientation. So it can be concluded that transglobal leadership emphasizes the nature of intelligence and behavior that is more complex than global leadership.

A transglobal leader is a visionary, contributing to life and improving the world's nations' quality of life. Often transglobal leaders are controversial personalities, but the phenomenon of their leadership has undoubtedly changed the lives of nations. Today, leaders who understand the economy, culture, law, and political implications are needed. It will require leaders who see themselves as world citizens with a broad vision and values. Transglobal leadership is needed in connection with transglobal trade and global technology integration. Future leaders must learn how to handle global production, distribution, and global marketing to gain a competitive advantage.

### ***Firm Performance Theory***

According to Kimathi et al, (2015), firm performance is one of the most important capital structure indicators in the literature review. Also, firm performance is a work result that can be achieved by a person or group of people in a company following their respective authorities and responsibilities to achieve company goals legally, and does not violate the law, and does not conflict with morals and ethics. Meanwhile, according to Rivai & Basri (2004), firm performance is produced by a company in a certain period concerning the set standards. From this definition, it can be interpreted that firm performance is a description of its ability to benefit from company goals.

Firm performance reflects the company's profitability, which is influenced by leverage and is also a complete display of the company's condition during a certain period, in the form of results or achievements influenced by the company's operational activities utilizing its resources. Performance is a general term used for part or all of an organization's actions or activities in a period concerning standard amounts such as past costs or projected costs, based on efficiency, responsibility, or management accountability (Srimindarti, 2004).

### ***Innovative Work Environment***

The development of this innovation requires a contribution from each individual in an organization. Lundvall (1992) defines innovation as a process of searching and exploring to produce new products, techniques, organizational forms, and uncover new markets. Generating and exploring ideas requires different actions, such as innovative behavior and individual action, to generate, introduce, and implement innovation at multiple organizational levels (West and Farr, 1989). Innovative behavior in the work environment is defined as applying new ideas to employees, products, and processes in work, team, or organizational roles (Yuan and Woodman, 2010). Innovative behavior in the work environment is a complex process involving motivation intended to overcome difficulties, obstacles, and problems (Carmeli et al, 2006).

The conclusion from the above opinion regarding an innovative work environment, namely an environment that encourages employees to be open to positive changes and work together in achieving agreed innovations. To be able to compete in a business environment, an organization or company must facilitate the innovative potential of employees (Jafri, 2010). The innovative behavior of employees in the work environment aims to meet and understand market demands to be a competitive advantage for the company and improve business performance in an organization/company. Moreover, it can help an organization to achieve success and success.

According to De Jong & Hartog (2007), innovative work behavior includes the exploration of new opportunities and ideas. It can also include implementing new ideas, applying new knowledge, and achieving increased personal or business performance. Innovative behavior is often associated with creativity. These two things are indeed related but have different constructs. Creative behavior generates new ideas, ideas, or thoughts related to products, services, work processes, and procedures. Meanwhile, innovative work behavior generates new ideas and involves implementing these ideas, especially in job settings (De Jong & Hartog, 2010).

Messman (2012) states that innovative work behavior is the number of physical and cognitive work activities performed by employees in the context of their work, either alone or in groups, to achieve a set of tasks required for developing innovation. From the worker's point of view, innovative work behavior's effectiveness is related to workers' observations in anticipating work problems and coworkers' responses to proposed alternative solutions (De Jong & Hartog 2010).

### ***Government Role***

Soekanto (2007) states that role is a dynamic aspect of a position (status). If a person exercises his rights and obligations according to his position, then he plays a role. According to Biddle and Thomas (2013), the role is a series of formulas that limit certain position holders' expected behaviors. This is in line with Suhardono (1994), who defines that a role is a set of standards, limiting what behavior a person should do, who occupies a position. The role is the behavior expected of someone who has an individual status (Mahmud, 2012). Based on the explanation above, it can be explained that a role is a set of behaviors or actions carried out by someone who is their duty and responsibility and many people highly expect these actions.

The role of government is important in creating basic security to concern in matters of religion and belief and controlling the economy, and ensuring the security of social life (Sumaryadi, 2010). The role of government is the actualization of the state's sovereignty in achieving its goals, which are controlled by basic norms and values in the interaction with the environment (Sitanggang, 1996). The experts' opinion above can be explained that the government's role is the relationship between the government and those who are ordered to achieve the desired goals. This is in line with Ndraha (2011) that the role of government is the process of fulfilling the needs of those governed for public services that are not privatized and civil services to everyone at a time of need, giving rise to a transactional relationship.

## HYPOTHESIS

### *1. The influence of transglobal leadership on company performance*

Transglobal leadership styles are still very limited in research. As a reference for researchers in using the foundation of transformational leadership, this is possible because transglobal leadership stands for transformational leadership (Sharker et al., 2017). Many studies have been carried out to examine the effect of transglobal leadership on company performance as presented by Yildirim and Birinci (2013); Boehm et al. (2014); Iscan, Ersari, Naktiyok (2014); Nguyen et al. (2016); Chen, Sharma, Liu (2019); Chen et al. (2019) Ozera and Tinaztepe (2014), Zehira, et al. (2011). Loshali and Krishnan (2013) say that transformational leadership will ultimately result in a higher level of satisfaction and effectiveness among followers to improve company performance (Bass, 1985). The leader's vision, which is an essential characteristic of the transformation process, plays an essential role in motivating followers. Transformational leaders give subordinates more meaning to their work and generate enthusiasm, excitement, emotional involvement, and commitment to group goals to impact company performance by generating increased income positively.

Felicio, Gonçalves, and Gonçalves (2013) state that transformational leadership has a significant and positive effect on organizational performance because leaders can motivate followers because of their charisma in achieving greater results and higher motivation levels and morality are obtained when interacting with others because the openness you get. So that followers have the motivation to work through the incentives given. Also, Nguyen et al. (2016) state that transformational leadership affects company performance because this leadership style affects decisions and influences other choices to become better, motivated at work, and inspire subordinates.

In the research conducted by Ozera and Tinaztepe (2014), transformational leadership also significantly affects company performance with SME objects in Turkey. This leadership style has a clear picture of an optimistic and achievable future state, encourages others to increase employee expectations, reduces the complexity of major issues, and uses simple language to convey the mission in a competitive market so that the reaction of followers is an increased willingness to mobilize, extra effort in accomplishing the mission (Shackleton, 1995). Thus H1 from this study, namely:

*H1: Transglobal leadership has a significant effect on firm performance*

### *2. The influence of transglobal leadership on the innovative work environment*

Innovative behavior in the work environment is a complex process involving motivation intended to overcome difficulties, obstacles, and frustrations (Carmeli et al., 2006). For companies to compete in an increasingly competitive business environment, an organization or company must facilitate employees' innovative potential to achieve their goals (Jafri, 2010). Many studies support the positive effects of these two variables, such as Imran and Haque (2011), Yildiza, Bastruk, and Boz (2014), Kang, Solomon, and Choi (2015). Reuvers et al. (2008) state that transformational leadership styles affect hospital employees' innovative work environment. This is because transformational leaders can encourage followers through intellectual stimulation, re-evaluate potential problems, and subordinates' work environment from which innovative ideas can grow. Afsar, Masood, and

Umrani (2019) state that transformational leadership has a positive and significant effect on innovative work behavior because transformational leadership fosters employee creativity and can convince others to apply new ideas to inspire employees to create opportunities. This is significant to affect their job roles, leading to higher IWE rates.

Elrehail et al. (2018) stated that transformational leadership has a significant positive effect on innovation because transformational leaders have inspirational motivation to increase follower self-efficacy and innovation and motivate followers to take new challenges by testing new ways of doing things, promoting ideas and innovation. Shafi et al. (2019) stated that transglobal leadership has a significant positive effect on organizational innovation because transformational leaders motivate followers in creative performance. Creative employees are the backbone that helps maintain competitive advantage, and transformational leaders help organizations encourage and motivate employees to innovate and shape creative environments. Transformational leaders can encourage followers to evaluate innovative ideas using inspirational motivation. Thus, the second hypothesis in this study is:

*H2: Transglobal leadership has a significant positive effect on the innovative work environment*

### **3. The influence of the innovative work environment on firm performance**

Research conducted by Messersmith et al. (2011) states that innovative HR can improve company performance by increasing attitudinal factors at the individual level, such as employee satisfaction, organizational commitment, psychological empowerment, and trust and directing employee behavior towards organizational goals through employees relationships better management, work safety, and improved organizational citizenship behavior. Besides, companies introduce new products to meet changes and increase customer expectations, satisfaction, and loyalty. Thus the company becomes competitive in the market (Fuentes et al., 2004) and improves product quality to improve company performance by increasing profit obtained. This is in line with research conducted by Yildiz, Bastruk, and Boz (2014), Shanker et al. (2017), Xiu et al. (2017), Putra, Rofiaty, Djumahir (2020).

Morales, Montes, and Jover (2007) state that innovation has a significant effect on organizational performance because companies with more extraordinary innovation ability will achieve a better response from the environment, gain more capabilities needed to improve organizational performance and consolidate sustainable competitive advantage and rare and inimitable characteristics of innovation.

Arranza et al. (2019) stated that innovation outcomes have a significant effect on overall performance because company development with product innovation will facilitate product introduction in the market by combining logistics development or special marketing channels for new products so that this will increase company revenue, increase assets so that the performance increases. Research conducted by Sadikoglu and Zahir (2010) supports this research because if a company wants to introduce new products and increase customer satisfaction and loyalty, this will provide an advantage in the market to provide higher profit and company performance. Thus the third hypothesis in this study is:

*H3: Innovative work environment has a significant effect on firm performance*

#### ***4. The influence of the Innovative work environment to mediate the effect of transglobal leadership on firm performance***

Baron and Kenny (1986) explain the mediating variable, which is a variable that lies between the causal relationship between two variables. A variable must meet two conditions in order to become a mediating variable. The first requirement is that there is a direct relationship between the two observed variables. The second requirement is that the two observed variables must have a relationship with the variable that will be the mediation. Previous studies have proven that the relationship between transformational leadership and innovative work behavior is essentially a mediator (Reuvers et al., 2008) and Chen (2019)

Meanwhile, the innovative work environment has a direct effect on firm performance. Thus the innovative work environment is eligible to be tested as a mediating variable in the transglobal leadership relationship and firm performance. Research by Afsar, Masood, and Umrani (2019) states that employees who can be trusted with suggestions by the leader will increase motivation, increasing the level of involvement in innovative work behavior. The trust generated from the leadership motivates employees to collaborate and support each other's ideas through reciprocal relationships and knowledge sharing (Janssen, 2000) to adapt to the environment and improve company performance.

Xiu et al, (2017) state that innovative work behavior can mediate between transformational leadership and firm performance because transformational leaders can foster a work environment open to innovation, so followers will feel they have opportunities to develop and achieve high profitability in improving performance companies. Hence, the fourth hypothesis proposed in the study is:

*H4: Innovative work environment mediates the influence of transglobal leadership on firm performance*

#### ***5. The role of government moderates the influence of transglobal leadership on firm performance***

Government financial and non-financial support is seen as a significant driver of technology development among industrial sectors. The focus of this research is government support in the non-financial sector. Research conducted by Songling et al, (2018) states that financial and non-financial support significantly impact company performance. This is because the government's support helps to access scarce resources and supports companies in developing technology and facilitates small companies such as startups and grows and creates a sustainable position in a volatile market for large companies.

In this regard, the government's role as a facilitator in determining trade policies is stated in Law No.1 of 1987, aiming to make a country gain a competitive advantage in the economic system. Chamber of Commerce and Industry is an organization that is a legal entity and is an extension of the government in improving the economy so that its presence is considered influential among business activists. There is a government that oversees Chamber of Commerce and Industry in which many business people are expected to be able to help, protect, and promote businesses that are members of the Chamber of Commerce and Industry organization. Thus the fifth hypothesis proposed in this study is:



*H5: The role of government moderates the influence of transglobal leadership on firm performance*

## **RESEARCH METHODS**

### ***Types of Research***

This study uses a quantitative approach to test, explain, and confirm a theory. Following the research objectives, this study aims to explain, namely, to explain the causal relationship between the variables studied through empirical hypothesis testing. Furthermore, it is explained that this research belongs to perceptual research and the unit of analysis is the individual (Singarimbun and Effendi, 1989).

This research variable is a latent variable measured using a research instrument in the form of a questionnaire. The variables studied were transglobal leadership, firm performance, innovative work environment, and government roles. The data measured using a questionnaire in the form of quantitative data so that the data analysis in this study was carried out using statistical methods, namely structural equation modeling (SEM).

### ***Location and Time of Research***

This research was conducted at companies under the DKI Jakarta Provincial Chamber of Commerce and Industry. During the research, the data collection process was carried out in November and December 2019.

### ***Population and Sample***

The population is a set of objects that are the center of attention, containing information to know. This object is called the unit of analysis. This unit of analysis has the same behavior or characteristics to be studied. The analysis test or elements in this study are PMDN (Domestic Investment) companies registered with the DKI Jakarta Chamber of Commerce and Industry in 2019. The DKI Jakarta Chamber of Commerce and Industry consists of Central Jakarta, East Jakarta, South Jakarta, North Jakarta, and West Jakarta. The number of PMDN companies and large companies registered with Chamber of Commerce and Industry is 1454 companies.

The sample is a part of the population that can be used to describe the population. Arikunto (2006) describes the sample as a part of the population, where the sample consists of several members selected from the population. Researchers can draw generalizable conclusions from the study population. Sampling is the process of drawing some elements from the population. Research on the sample and an understanding of its nature or characteristics will allow the researcher to generalize these traits or characteristics to population elements.

In this study, researchers used a simple random sampling technique. Simple random sampling is a sampling technique from members of the population that is carried out randomly without paying attention to the population's strata. Everyone has the same opportunity as others to be selected as sample members (Ferdinand, 2014). The research sample was 158 company leaders.

RESEARCH RESULTS AND DISCUSSION

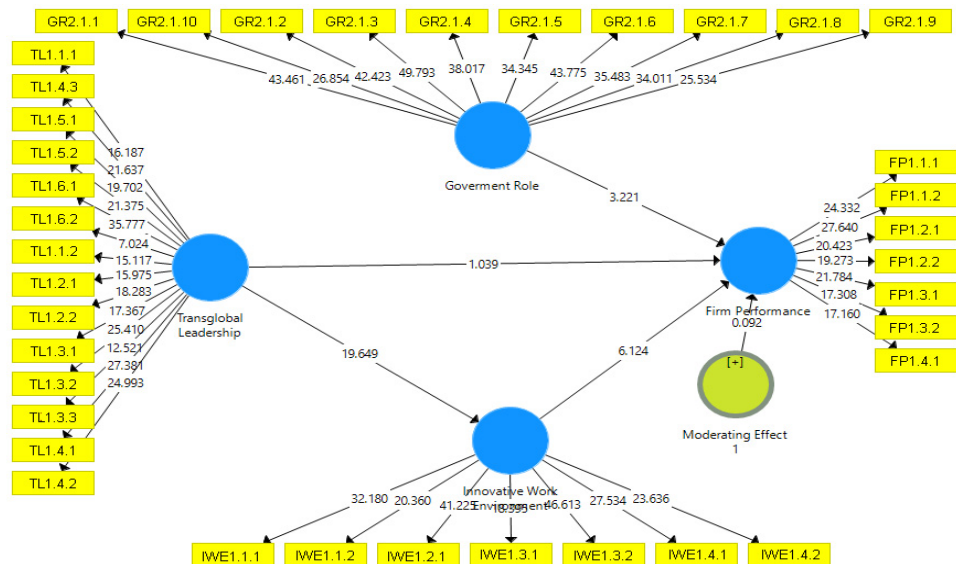


Figure 1. Measurement Model (Inner Model)

This study uses two variables influenced by other variables, such as firm performance variables influenced by transglobal leadership and innovative work environments. In contrast, the innovative work environment variables are influenced by transglobal leadership variables. The R-Square value for FP is 0.557, indicating that 55.7% of firm performance variables can be influenced by transglobal leadership and innovative work environments. In comparison, 44.3% is influenced by variables outside the study.

The R-Square value for IWE of 0.704 indicates that transglobal leadership variables influence 70.4% of innovative work environment variables. The remaining 29.6% is the contribution of other variables not discussed in this study.

The amount of the independent variable's contribution to the dependent variable can be seen based on the calculation results of the Goodness of Fit in the research model (GoF). According to Hussein (2015), the GoF value in the PLS analysis can be calculated using the Q-square predictive relevance (Q<sup>2</sup>). The quantity of Q<sup>2</sup> has a value with a range of 0 < Q<sup>2</sup> < 1, where the closer to 1 means that the model is getting better. The results of the Goodness of Fit research model are as follows:

$$Q^2 = 1 - (1 - R^2) \times (1 - R^2) = 1 - (1 - 0.557) \times (1 - 0.704)$$

$$Q^2 = 0.86$$

The calculation results can be seen that the Q-square predictive relevance (Q<sup>2</sup>) is 0.86, which can be concluded that the variable variation model in this study is strong because the value is close to 1. This value indicates that the variable variation model in this study is 86%, and the remaining 14% is explained by other variables not discussed in this study. Based on these results, the study's structural model can be said to have good goodness of fit.

**Hypothesis Test**

To determine the relationship between variables in this study, it can be seen from the estimated parameters' significance. The statistical test for hypothesis testing is the t-test. The statistical test in PLS is carried out using the resampling/bootstrap method, which can also minimize the abnormalities

of the research data. Table 1 shows the results of resampling the direct effect of the independent variable on the dependent variable.

**Table 1. Hypothesis Testing for Direct Effect, Mediation, and Moderation**

Variable Relationships	Path Coefficient	p-value	t- statistics	Information
TL→FP	0.089	0.299	1.039	Rejected
TL→IWE	0.839	0.000	19.649	Be accepted
IWE→FP	0.534	0.000	6.124	Be accepted
TL→IWE→FP	0.448	0.000	5.933	Be accepted
Interaction between RL and FP	-0.05	0.926	0.092	Rejected

According to Hussein (2015) regarding the testing criteria, if the t-statistic  $\geq$  t-table (1.96) or the p-value  $\leq$  level of significance ( $\alpha = 5\%$ ), it can be stated that there is a significant effect of the independent variable on the dependent variable. The results of significance testing with bootstrapping can be seen in Table 1, below:

**1. Hypothesis 1**

H1: transglobal leadership has a significant positive effect on firm performance.

The test results in table 1 show that the t-statistic value between transglobal leadership and firm performance is 1.309, with a probability of 0.299. The test results show that the t-statistic  $\leq$  1.96 and the p-value  $\geq$  level of significance ( $\alpha = 5\%$ ), so it can be concluded that there is no significant effect between transglobal leadership on firm performance; thus, hypothesis 1 is rejected.

**2. Hypothesis 2**

H2: Transglobal leadership has a significant positive effect on the innovative work environment.

The test results shown in Table 1 show that the t-statistic value between transglobal leadership and the innovative work environment is 19,649 with a probability of 0,000. The test results show that the t-statistic is  $\geq$  1.96 and the p-value  $\leq$  level of significance ( $\alpha = 5\%$ ), so it can be concluded that there is a significant influence between transglobal leadership on the innovative work environment. This means that the higher the perceived transglobal leadership, the higher the innovative work environment; thus, hypothesis 2 is accepted.

**3. Hypothesis 3**

H3: Innovative work environment has a significant effect on firm performance.

The test results shown in Table 1 show that the t-statistic value between the innovative work environment and firm performance is 6.124 with a probability of 0.000. The test results show that the t-statistic is  $\geq$  1.96 and the p-value  $\leq$  level of significance ( $\alpha = 5\%$ ), so it can be concluded that there is a significant influence between the innovative work environment on firm performance, so hypothesis 3 is accepted.

**4. Hypothesis 4**

H4: Innovative work environment mediates the relationship between transglobal leadership and firm performance.

The test results in table 1 show that the t-statistic value is 5,933 with a p-value of 0.000. The test results show that the t-statistic  $\geq$  1.96 and the p-value  $\leq$  level

of significance ( $\alpha = 5\%$ ), so it can be concluded that the innovative work environment mediates the relationship between transglobal leadership and firm performance; thus, hypothesis 4 is accepted.

### **5. Hypothesis 5**

H5: Government role moderates the relationship between transglobal leadership and firm performance

The test results in table 1 show that the t-statistical value is 0.092, with a p-value of 0.926. The test results show that the t-statistic is  $\leq 1.96$  and the p-value  $\geq$  level of significance ( $\alpha = 5\%$ ), so it can be concluded that the government role has no mediating effect between transglobal leadership on firm performance; thus, hypothesis 5 is rejected.

## **DISCUSSION**

### **1. The Effect of Transglobal Leadership on Firm Performance**

This study found that transglobal leadership did not have a significant effect on firm performance. This means that transglobal leadership cannot increase firm performance in company leaders who are members of chamber of commerce and industry. This is in line with the findings of research conducted by Ensley, Pearce, and Hmieleski (2006) and Boehm, et al. (2014), but uses transformational leadership as a variable. In practice, many factors can limit a leader who has a transglobal leadership character but cannot maximize firm performance. Many company leaders feel they can do more to advance the company but are hindered by binding company cultures or external factors to have boundaries that must be obeyed. Some of these factors include government regulations, company operating standards, entrenched employee work culture, etc. Further explanation, for example, PT. Bentoel, where the leader of the company is a transglobal person who can export to 19 countries, but the trade balance is still negative. This is due to the government's increase in customs, which is a regulation implemented by the government, and increasingly fierce competition. Besides that, there is a lack of transparency between business actors and regulators so that there are indications of fraudulent practices. Of course, this is also the government's duty to curb fair competition. Besides, many alternative products have grown into burdensome competitors, such as electric cigarettes, which are now becoming popular, during PT. Bentoel has not made any innovations to overcome this. Besides, the public's understanding of better health has increased to leave the smoking habit slowly. A leader who has trans-global leadership without a positive work environment will make firm performance challenging to develop because it requires cooperation or mutual desire to advance a company. This means that each company's progress is supported by an environment that has the same desire to move forward. The above are some of the obstacles that transglobal leadership has to bring companies forward.

### **2. The Influence of Transglobal leadership on the Innovative Work Environment**

The results of this study indicate that transglobal leadership has a significant effect on the innovative work environment. This shows that if leaders increasingly have a transglobal attitude in the organization, employees will increasingly have an innovative work environment. The leadership style in an organization is one of the potential factors in

determining the innovative work environment. This is supported by research conducted by Reuvers et al (2008), Afsar, Masood and Umrani (2019), Shafi et al. (2019), Correa, Morales and Pozo (2009). A leader who has transglobal leadership can increase the innovative work environment because, in every company, the leader has a role like a leader, not a boss in a company. Such a leader can build a good emotional bond. A healthy organizational culture is built so that employees are motivated in every job and able to build a vibrant workforce. An employee involved in work can stimulate interesting, satisfying, enjoyable, and personally—challenging so that these thoughts can lead to new and useful ideas. Besides, leaders with global leadership will also guide employees to increase their potential. A leader with transglobal leadership also focuses on employee self-development by actively conducting discussions to create an innovative culture. Take the example of a large company like Go-jek where the highest leadership has a transglobal leadership attitude so that the innovative work environment is their identity in leading a company, resulting in a high work ethic that is owned by each employee so that they feel they have the challenge to continue to grow the company together.

### ***3. Effect of Innovative Work Environment on Firm Performance***

This study found that innovative work behavior has a significant positive effect on firm performance. This means that the higher the innovative work environment in a company, the more firm performance will be supported by research conducted by Darroch (2005), Morales et al. (2008); Sadikoglu and Zahir (2010), Messersmith et al. (2011) also show the important role of innovative work environments in improving firm performance. Opening up to new things can expand a company, especially in an era of ever-changing competition. Innovation is the soul of any company that wants to continue to grow and advance. Following its nature, in an innovative environment, the work will be more complex and challenging. However, employees will have the opportunity to solve these complex problems to provide satisfaction and increase employee engagement for the long term so that interesting and useful challenges will bring employees to be involved, and strive to achieve it so that a good firm performance will be achieved. Besides, employee innovation can influence organizational value through market positions that have succeeded in gaining a larger market share to increase revenue and profitability. The innovative work environment carried out by employees can be related to modifying business models and adapting to changes to create good products or services so that firm performance can continue to increase. Besides, innovative work environments can bring out advantages or special specifications that do not exist in the market. The company gets the maximum benefit, it can also innovate work methods or systems, companies can save company resources, but still, make business superior.

### ***4. Innovative Work Environment Mediates the Relationship between Transglobal Leadership and Firm Performance***

This study's findings indicate that the innovative work environment can provide a mediating effect from the effect of transglobal leadership on firm performance. The results of the transglobal leadership variable on the innovation work environment do not have a significant effect. In contrast, the innovative work environment on firm performance shows significant results, so it can be concluded that the role of the innovative work environment in this study is full mediation. This provides evidence that the

influence of transglobal leadership can improve the firm performance of corporate leaders by involving an innovative work environment. Transglobal leadership possessed by company leaders can accommodate employees' needs well, encouraging them to use creativity in solving undefined and challenging problems. An innovative environment like this can create great development opportunities, facilitate the career advancement of employees, and satisfy each individual. If a creative company's work environment can optimize firm performance with problem-solving steps and promising breakthroughs, it can complete work faster and efficiently.

### ***5. Government Role as a Moderation of the Relationship between Transglobal Leadership and Firm Performance***

This study's governments' role is used to strengthen the relationship between transglobal leadership and firm performance. This study states that there is no influence of government roles in strengthening or weakening transglobal leadership on the firm performance of leaders in Chamber of Commerce and Industry. This happened because the leaders felt no significant difference between companies joining and not joining Chamber of Commerce and Industry. Companies have the same facilities and connections, so there is no difference between the two, and government support is not maximized in maintaining healthy competition. Besides that, the interests of certain parties are ridden so that, in this case, the company leaders do not feel that there is a significant advantage in firm performance. This is different from research conducted by Songling et al. (2018), who researched government roles to improve firm performance. This study indicates that the role of government has a significant effect on company performance and is also mentioned as a variable that moderates the relationship between the two.

### **RESEARCH IMPLICATIONS**

The theoretical implications of this study have a different effect on transglobal leadership. Transglobal leadership has a positive and significant effect on the innovative work environment and firm performance. This research shows that in an increasingly competitive environment, innovation is important in supporting a company's success.

This study contributes practically by knowing what factors support the transglobal leadership variables, an innovative work environment, and government roles. The innovative work environment has an important role in shaping transglobal leadership.

Transglobal leadership possessed by leaders in companies that are members of Chamber of Commerce and Industry has not increased firm performance. In order for global leadership to increase, companies can support by giving freedom to innovate and discuss with employees and provide opportunities to compete fairly. Besides, support from the government is needed in maintaining healthy competition.

An innovative work environment in a company can increase firm performance so that the company will grow and compete at the global level. Government roles have not been able to strengthen or weaken firm performance. This happened because of the lack of special attention in maximizing the role of Chamber of Commerce and Industry in helping

maximize the performance of Chamber of Commerce and Industry members.

## RESEARCH LIMITATIONS

This research only uses large companies as research objects, so the research results cannot be generalized to other companies, which is a limitation of this study.

## CONCLUSIONS AND SUGGESTIONS

The conclusions from the results of this study are as follows:

1. Transglobal leadership carried out by company leaders is not able to have a direct influence on firm performance. Internal and external factors can influence the condition of a company to expand. On the other hand, when a leader already has transglobal leadership; however, firm performance is still stagnant. This is due to one factor in the loose government regulations on eradicating unhealthy competition. Besides, to maximize firm performance requires good cooperation between all people involved in a company, such as employees and related stakeholders.
2. Transglobal leadership has a positive and significant impact on the innovative work environment. This means that the higher the global leadership a leader has, the higher the innovative work environment in a company is. A leader with global leadership can encourage employees to be open to positive changes and work together to achieve agreed-upon innovations. Besides that, transglobal leadership can encourage followers' confidence in employee abilities.
3. An innovative work environment increases firm performance. An innovative work environment can increase attitudinal factors at the individual level, such as employee satisfaction, organizational commitment, and psychological empowerment, thereby directing employee behavior towards organizational goals. Besides, great innovation capability will achieve a better response to the environment.
4. The innovative work environment has a role in mediating the influence of transglobal leadership on firm performance. This shows that the higher the transglobal leadership carried out by company leaders, the higher the firm performance. A transglobal leadership can foster a work environment that is open to innovation that allows his followers to develop and achieve high profitability in increasing firm performance. Besides that, an innovative environment allows employees to innovate and be creative that gains the trust and support of each other and company leaders to achieve organizational goals.
5. The government role does not have a role in moderating the influence of transglobal leadership on firm performance. This means that the presence or absence of a government role does not reduce or increase firm performance. Based on this, it is also influenced by the government's ability to maximize policies to support companies' progress with fair competition, not only through binding regulations but concrete support.

## SUGGESTION

Based on the conclusions described above, the following suggestions are given:

1. The number of respondents in the study is small, so for further research, it is expected to cover all layers who join Chamber of Commerce and Industry, both large, medium, and small companies.
2. Future research is expected to add and examine other variables that are not used in this study.
  - a. Company leaders who are members of Chamber of Commerce and Industry can evaluate the implementation and maximize Chamber of Commerce and Industry's regulations to improve the performance of members.
  - b. Innovation is the most important thing in a company's success process, so leadership support is needed in creating an environment that can encourage followers, such as a pleasant work environment, appreciation for outstanding employees, and improving human resources with training.
  - c. Leaders need to continue to maintain and improve innovative work environments to compete at a global level.

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