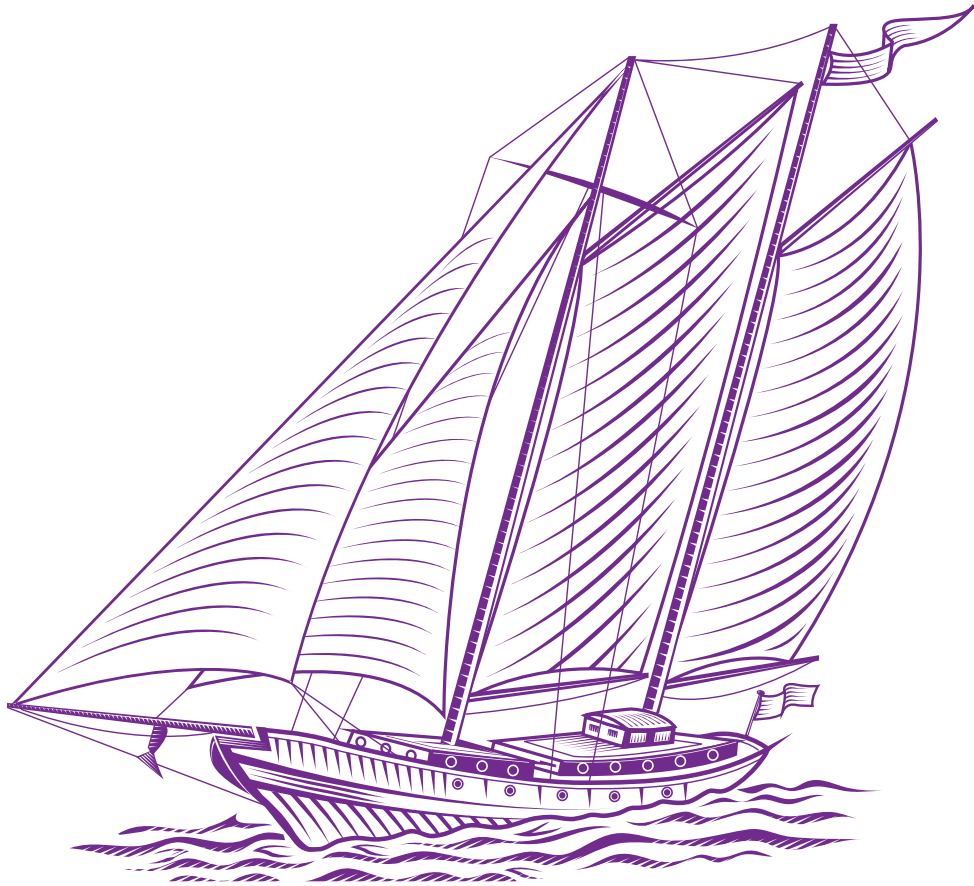




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**ISSUES IN BUSINESS THEORY AND PRACTICE IN DEVELOPING
AND EMERGING ECONOMIES**

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CONTENT – SOMMAIRE – INHALT – CUPRINS

- RABIA RASHEED, MARIA ABDUL RAHMAN, SULAMAN HAFEEZ SIDDIQUI,
SME Access to Finance in Emerging Economies: A Comparative Study
of Pakistan and Malaysia 7
- CHOW TONG WOOL, LAILAWATI MOHD. SALLEH, ISMI ARIF ISMAIL,
A Preferred Leadership Portrait of Successful Cross-Cultural Leadership..... 21
- MOHD. AMIR MAT SAMSUDIN, MOHAMAD HISYAM SELAMAT, RAM
AL-JAFFRI SAAD, MUHAMMAD SYAHIR ABDUL WAHAB, The Relationship
between Self-confidence, Self-remembrance and Sincerity among Staff
towards Information Systems Outsourcing Success 45

| | |
|---|-----|
| WAN NUR SYUHADA WAN ISMAIL, SHAMSUL HUDA ABD RANI, The Factors that Influence Students' Views on Self-employment among IKBN Students | 61 |
| ALHASSAN HALADU, BASARIAH BT. SALIM, The Influence of Environmental Supervisory Agencies on Environmental Information Disclosure in Nigeria | 75 |
| SAHNUN LADAN, NORANI BINTI NORDIN, H. M. BELAL, Influence of Transformational Leadership on Knowledge Hiding: Mediating Role of Organizational Psychological Ownership: A Proposed Framework..... | 97 |
| NURUL RATNA SARI, The Urgency of Child Empowerment in Developing a Community-Based Tourism in Kampung Warna-Warni of East Java Indonesia | 119 |

SME ACCESS TO FINANCE IN EMERGING ECONOMIES: A COMPARATIVE STUDY OF PAKISTAN AND MALAYSIA

**RABIA RASHEED¹, MARIA ABDUL RAHMAN²,
SULAMAN HAFEEZ SIDDIQUI³**

ABSTRACT. It has been widely accepted that SMEs make a significant contribution to the socio-economic and political infrastructure in both developed and developing countries. SMEs make up more than 96% of all businesses in emerging economies that provide two out of three private sector jobs. Yet, the importance of SMEs notwithstanding as confronted with several hindrances which impede their development. In emerging economies access to finance has been found as one of the major constraints to SMEs growth. In Malaysia and Pakistan SMEs contributing towards economic growth, however huge finance gap for SME sector exist in both countries. By summarizing current data this paper highlights the share of SME sector towards economic growth, financing gap and supply/demand side challenges towards access to finance in Malaysia and Pakistan. The comparison of both countries revealed that challenges are more severe in lower-middle income country (Pakistan) because of inappropriate policies and their implementation. However, the upper-middle income country (Malaysia) consistent growth can minimize the finance gap for SME sector quickly.

Keywords: SME, Pakistan, Malaysia, access to finance, emerging economies

JEL Code: M1

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Introduction

Small and medium enterprises (SMEs) in most economies particularly in emerging markets are widely believed to be the engine of growth. It has been widely accepted that SMEs make a significant contribution to the socio-economic and political infrastructure in both developed and developing countries. There are around 125 million formal micro, small and medium enterprises (MSMEs) in 132 covered economies, which are 90 to 95 percent - of global entrepreneurs and out of these; 89 million are in developing countries (Robu, 2013). SMEs are generating 50 to 60 percent of employment globally and their contribution towards poverty alleviation and economic growth cannot be denied. Yet, the importance of SMEs notwithstanding as confronted with several hindrances which impede their development. In emerging economies access to finance has been found as one of the major constraints to SMEs growth (IFC, 2017).

SMEs experience numerous hurdles towards accessing finance because of small, unstructured setups and less diversification (Ayadi & Gadi, 2013). A number of studies reported that small firms experience higher financing hindrances as compare to large firms (Beck, 2007; Khan, 2015; Ramlee & Berma, 2013). Studies also discussed that the effect of these obstacles on SMEs development have almost double than corporate firms. Banks feel hesitant towards financing to small firms because of various risk factors. Moreover, to fulfill collateral requirements of financial institutes and to ensure transparency in their creditworthiness are difficult tasks for SMEs in developing countries. In addition, export, leasing and long term finance are also uncommon for SMEs in emerging economies. Resulted SMEs majorly rely on informal finance and trade credit sources because limited resources and weaker financial structures do not allow them to take formal finance (IFC, 2017).

A recent study of Wang, (2016) investigated the biggest obstacles SMEs experience by using enterprise survey of World Bank which covered 119 developing countries. Wang found access to finance as most significant obstacle which hinders the SMEs growth in developing countries. International Finance Corporation (IFC), (2014) report estimated the finance gap of around USD2.1-2.6 trillion in developing countries. In

addition, around 45 to 55 percent of formal SMEs do not have access to formal institutional loans or overdraft and 55-68 percent firms are either underserved firms those have loan or overdraft, however still facing the challenge of access to finance. This paper aims to discuss the SMEs importance towards development in emerging economies (Pakistan and Malaysia). Moreover, the challenges facing by SMEs in a lower-middle income (Pakistan) and upper-middle income (Malaysia) countries towards accessing finance.

By considering SMEs important towards economic development and job creation, financing for SMEs has emerged as a popular topic of discussion and research (Hallberg & Konisi, 2003). Researchers and academics have tried to analyze the issue of SMEs access to finance, emphasizing their dependence on credit and cash flows, however focus on emerging economies still needed (Hussain et al., 2015). Current study has compared the hindrances SMEs facing towards the issue of access to finance in Pakistan and Malaysia as both are placed in emerging economies list but with different income level. Also discussed the financing gap in Pakistan and Malaysia and the difference between current supply and demand which can potentially be addressed by financial institutions.

Economic Development – SMEs Contribution - Malaysia

Since 1990s SMEs have been at the core of Malaysia's economic transformation to an upper-middle income nation and are an important driver of employment and growth. According to the economic census, (2016) department of statistics, Malaysia 98.5 percent of business firms are small and medium enterprises. The service sector specifically wholesale and retail trade are on the top in the list followed by manufacturing, construction, agriculture and mining. The GDP growth of SMEs has consistently outperformed the growth of overall GDP. As the average annual growth rate of SMEs from the period of 2011 – 2016 was 6.5 percent. It was higher than the average growth of the overall economy of 5.1 percent which led to major contribution to overall GDP from 32.2 percent in 2010 to 36.6 percent in 2016. In 2016, exports of SMEs increased by 6.6 percent, moreover, contributed around 18.6 percent towards total exports which was 17.7 percent in 2015. Despite the

challenging economic environment, the SMEs strong export performance supported by growth in agriculture 35 percent, services 7.8 percent and manufacturing 4.6 percent (Haniff, Akma & Lee, 2017).

The share of SMEs towards overall employment was 64.5 percent in 2015 and recorded 65.3 percent in 2016. This was also the achievement of SME Masterplan target of 65.0 percent for SME employment to total employment by year 2020. The service sector has contributed the highest with 63 percent of share towards employment generation followed by manufacturing with 16.5 percent and construction 10.4 percent (SME annual report, 2016). Similarly, services, manufacturing and construction sectors shows higher contribution towards labour productivity. As it was measured RM 59,073 by real value-added per worker in 2015 which increased in 2016 to RM 60,844, shows growth of around 3 percent. However, large firms share was slight high with 3.3 percent of growth because SMEs highly relied on labour input, particularly from the services sector (Haniff, Akma & Lee, 2017).

According to Malaysia Masterplan 2012-2020 their aim is to increase SMEs' contribution towards GDP to 41 percent, further, the share towards exports should be 23 percent till 2020. For continuous growth and higher contribution to boost up the Malaysian economy its compulsory to encourage private sector to adapt changes as well as to be globally competitive should have a pool of skilled personnel said by CEO of SME Corporation Malaysia, (2016).

SMEs in Pakistan

Pakistan economy heavily relies on SMEs for employment creation, productivity of industries, export earnings, foreign investments, and for overall economic prosperity. In 1972, government of Pakistan has establishment Small Business Finance Corporation (SBFC) to support SMEs (Qureshi, 2012; Chughtai, 2014). However, because of several issues such as corruption and lack of trained staff, SBFC failed and was merged into SME bank in 2002. Later, government has established specialized institute Small and Medium Enterprises Development Authority (SMEDA) to provide services to SMEs nationwide in all disciplines (SMEDA, 2009).

According to the statistics approximately 3.2 million (99 percent) enterprises in Pakistan are SMEs (Hussain, Ismail & Akhtar, 2015). SMEs contribution towards GDP estimated around 30 percent, further, 25 percent to manufactured goods export and 78 percent in non-agriculture workforce employment, respectively (Chughtai, 2014). Geographically, major firms are placed in Punjab with 65 percent of population followed by Sindh 18 percent, Khyber Pakhtunkhwa (KPK) 14 percent and Baluchistan 2 percent.

The province of Punjab and Sindh have a dense concentration of SMEs. Moreover, greater government schemes and services penetration and large industrial clusters presence as well as better access to finance. Sector wise the manufacturing units are dominating with 49 percent of share followed by services 40 percent and wholesale retail trade 7 percent (Khan, 2014c; IFC, 2014b). In terms of value addition, employment generation and export contribution manufacturing firms have a higher impact on the economy. Around 74 percent of firms belongs to single owner-manager in Pakistan which represents that because of minimum regulatory requirements towards establishment of firm most preferable ownership pattern is sole-proprietorship (IFC, 2014a). In revitalizing the economy of Pakistan and ensuring inclusive growth in long run SME sector can play an important role.

The current concentration pattern is not ideal and needs to be corrected in the long run. This is because in fostering regional development and inclusive growth across various stakeholders SMEs play an important role in the local economy by using local resources. Pakistan listed in the lower-middle income level countries where SMEs facing several challenges such as corruption, low level of skills/training and inadequate access to finance. However, to promote SMEs if the gap will be greater towards provision of support services through government schemes, it will create the larger development gap between various regions in the country which ultimately affect the long-term economic prospects of country.

Access to Finance - Malaysia

SMEs are contributing more than a third of gross domestic product (GDP) towards Malaysian economy. Moreover providing job opportunities to more than four million workers in Malaysia which indicates that SMEs are critical component of Malaysian economy. SMEs in Malaysia prefer five types of financing sources (Zabri, et al., 2011);

- Internal Financing Sources – Retained Earnings
(Net income retained for re-investment)
Shareholder’s own fund/contribution
- External Financing Sources – Banking Institutions
Trade/Supplier Credit
Government funds/schemes

SMEs move towards internal financing options when they experience difficulty in getting formal financing from external sources. Also, in emerging there are numerous demand side issues have strong impact on SMEs financial decision making such as collateral to obtain formal finance, process and procedures of financial institutes for credit approvals and lower level of financial knowledge etc. Similarly, supply side issues also exists as banking institutions consider SMEs as the riskier sector to finance as compare to large firms (Ramlee & Berma, 2013). Furthermore, banks feel reluctant to serve SMEs because of insufficient profit margins and high transaction cost. Banks also refuse to facilitate because most of the time SMEs failed to show their creditworthiness and to provide enough evidences. These issues collectively creates the huge financing gap as in 2015 RM21.8 billion of gap has been estimated in Malaysia. As banks rejected RM 25.1 billion of SMEs applications for financing (Khan & Khalique, 2014; BNM report, 2016).

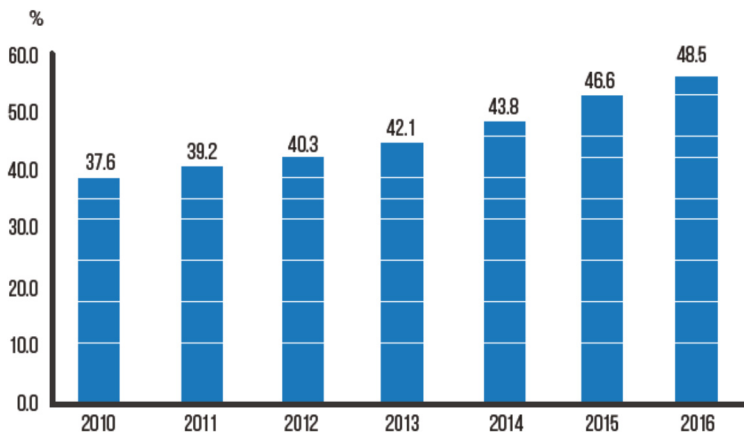


Figure 1 – Share of SME Financing
Source: Bank Negara Malaysia, 2016

Despite these facts, banking institutions are the main source of financing, providing more than 90% of total financing to SMEs in Malaysia. The financing provision to SMEs also complemented by Government Funds, Bank Negara Malaysia's Funds for SMEs and Development Financial Institutions. SMEs financing share has been increased to 48.5 percent in 2016 as compared to last year 46.6 percent represented in Figure 1 also it shows the continuous growth since 2010. In 2016, around RM75.2 billion of credit approved by banking institutions. The total financing increased to RM 302.9 billion as highlighted in the quarterly March-2017 report of Bank Negara Malaysia (SME Corporation, 2016).

In addition, government have plan to cover the current financing gap by using alternative financing channels such as crowdfunding, peer-to-peer lending, leasing and factoring. As the experts suggested that it's better to provide alternative financing options to those firms which seems to erode the profitability of banking institutions. According to the central bank of Malaysia, (2017) the factoring and leasing volume is quite low towards GDP - 0.64 and 0.69 percent respectively, however, in developed countries it is much higher (4.55 and 1.55 percent). Thus, government has planned to outline the factoring and leasing financing opportunities for SMEs around RM48 billion to facilitate Malaysian SMEs (Ragananthini, 2017).

Access to Finance – Pakistan

Experts and practitioners considered access to finance as a path to reduction in poverty and inclusive growth. Government strategies towards financial inclusion of SMEs in Pakistan have taken time to bear fruit. Nevertheless, financial strategies measures cannot single-handedly resolve the issue of access to finance. The willingness of financial institutions to expand access in Pakistan has been stunted by weak legal foundations, technological barriers and unsuitable financial processes and products. In addition, some other factors like gender bias, poor socioeconomic conditions, low levels of basic education and financial knowledge remain barriers. There are three main sources of finance for SMEs in Pakistan:

- Formal Sources - Banks and non-banking financial institution
- Informal Sources – Family and friends, advance payments from customers and credit from suppliers
- Personal Savings – Internal funds, retained earnings and equity (Khan, 2015b)

SMEs mostly prefer informal sources and personal savings to fulfill their financial needs. There are various reasons behind this financial preference of SMEs. The reluctant behavior of banking and non-banking financial institutions to facilitate SMEs financially halt SMEs to take formal credit. (Sherazi et al, 2013; Khan, 2015a). Moreover, banks have very lengthy procedures towards credit approval, as they take around 2-10 months in credit approvals.

The strict policies and regulations of central bank of Pakistan also one of the reasons in this delay because banking institutions are not permissible to provide financing to SMEs on an unsecured basis. Besides, banking institutions hesitant behavior towards credit approval also because of SMEs informal business set ups, most of the enterprises are quite young and unable to meet compliance requirements (Khan, 2015b).

Such limitations place this sector as a high risk borrower and the banks show reserved behavior in lending to SMEs. Despite policy reforms, the major obstacles towards financial access arise from the high levels of poverty and low awareness about financial products, already exists in the market. Furthermore, lower technology level and gender bias halt the expansion towards geographical outreach.

In 2010 statistics of Pakistan’s central bank revealed that only 6 percent of SMEs obtained formal credit (Khan, 2015a). However, the situation is much better than 8 years ago, as the 2016-17 report of State Bank of Pakistan shows 27 percent of increase towards SME financial access.

Table 1 – SME Financing

| Category | Mar-17 | Dec-16 | Mar-16 |
|--|---------------|---------------|---------------|
| Outstanding SME Financing | 367.25 | 401.00 | 283.58 |
| Private Sector Financing | 4,461.05 | 4,359.19 | 3,828.62 |
| SME Fin as %age of Pvt Sector Financing | 8.23% | 9.20% | 7.41% |
| Total Financing | 5,734.27 | 5,634.12 | 4,886.22 |
| SME Fin as %age of Total Financing | 6.40% | 7.12% | 5.80% |
| SME NPLs Ratio | 22.11% | 20.28% | 29.00% |
| No. of SME Borrowers | 176,004 | 177,595 | 163,604 |

Source: SME Quarterly Finance Review, March 2017

Table 1 shows the total SME financing in 2016 5.80 percent which increased to 6.40 percent in 2017, also the number of SME borrowers also increase from 163,604 to 176,004. The increase shows higher demand of formal finance among SMEs, however, better policies still needed to develop this sector.

Table 2 – Facility Wise Financing

| Category/Quarters | Mar-17 | Dec-16 | Mar-16 |
|-------------------|---------------|---------------|---------------|
| Fixed Investment | 87.55 | 88.52 | 68.78 |
| Working Capital | 232.94 | 263.03 | 186.52 |
| Trade Finance | 46.77 | 43.10 | 28.28 |
| Total | 367.25 | 394.65 | 283.58 |

Source: SME Quarterly Finance Review, March 2017

Working capital shows continuous increase and this has been a problem for the entire economy. The working capital consumes a large chunk of financing every year which means smaller amounts are being used for fixed investment. State bank of Pakistan emphasized the need for higher growth in the SME sector, however, commercial banks still avoid lending to SMEs because of their high default ratio. As SMEs have the highest default ratio among all segments which is the main hurdle towards growth of SME financing (NFIS, 2016).

To strengthen the SME sector the new approach such as bank digitization and to create awareness among owner-managers, suitable for smaller firms. Moreover, to design strategies for small firms which are not capable to bear higher costs can reduce the default ratio. Such tools can be workable tools to achieve the target of inclusive growth and sustainable small and medium enterprise (SME) lending products. Table 3 has summarized the details of both countries with respect to contribution, challenges and initiatives.

Table 3 – Comparison of Pakistan Malaysia

| Emerging Economies | | | |
|---------------------------------|-----|------------------------------|-------|
| Pakistan | | Malaysia | |
| Economic Contribution | | Economic Contribution | |
| GDP | 30% | GDP | 36.6% |
| Exports (manufactured goods) | 25% | Exports | 18.6% |
| Employment (non-agri workforce) | 78% | Employment | 65.3% |

| Emerging Economies | |
|--|---|
| Access to Formal Finance | Access to Formal Finance |
| Formal Credit from Banks 6% | Formal Credit from Banks 48.5% |
| Challenges | Challenges |
| Low level of Financial Knowledge | Financial Literacy |
| Technology Constraints | Small business setups |
| Poor Infrastructure | Collateral Requirements |
| Corruption | Lack of skills and trainings |
| Regulatory, documentation challenges | |
| Action Plans | Action Plans |
| Awareness Campaigns | Alternative financing options for small firms; crowdfunding, factoring, leasing |
| Development and support for an ecosystem of diverse products | Specialized training programs |
| Expansion and Diversification in Access Points | Online Application Systems to enhance ease of access to financing for SMEs |
| Financial Literacy initiatives | Complaint systems |

Source: Hanif, Akma & Lee, 2017; NFIS, 2016; Khan, 2015; Ramlee & Berma, 2013

Conclusion

Across the world SMEs significantly contribute to GDP growth, employment generation and exports, however, the importance of this sector much higher in emerging economies. In view of the aforesaid fact, national and international specialized institutes takes several initiatives for promotion and development of SME sector. These specialized institutes mainly tried to resolve the issues faced by SMEs. As several internal and external factors affect the growth of SME sector which varies country to country. In emerging economies, the issue of access to finance for SMEs has been discussed by various studies. As easy access to finance is crucial for the development of SME sector in any country. This paper has discussed the access to finance issue in emerging economies specifically in a lower-middle income country Pakistan and an upper-middle income country. The data shows that financing gap exist in both countries however, the factors which are influencing the access to finance for SMEs, the initiatives taking by the governments to cover the gap and implementation of policies in both countries are different.

According to the available data, there are major differences with respect to contribution, challenges, policy making and implementation in both countries SME sectors. As the challenges are severe in Pakistan as compare to Malaysia, resulted SMEs less contribution towards economic development. Moreover, SMEs in Pakistan not getting enough support to grow because of mismatch between demand and supply. Financial knowledge and inadequate policies might be the reason behind lower share of SMEs towards formal finance. The unstable growth of SMEs highlights that the action plans are not very effective or implementation not efficient. However, in Malaysia the policies are more accurate and supporting institutes achieving more than their targets. The constant growth trend shows better action plans and support to minimize the finance gap for SME sector to boost up Malaysian economy.

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A PREFERRED LEADERSHIP PORTRAIT OF SUCCESSFUL CROSS-CULTURAL LEADERSHIP

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ABSTRACT. Purpose: This article seeks to highlight the significance of the understanding of the cultural dimensions, global leadership attributes, and leadership profiles of the home culture of Malaysia in comparison to the adopted host culture of Canada to incorporate the best cross-cultural leadership practices. It presents the preferred leadership portrait of successful cross-cultural leadership. **Findings:** Cross-cultural competence has become a considerable important research in the last two decades. Cross-cultural studies on cross-cultural differences in leadership interaction of the home and host cultures of leaders are needed. It is appropriate to consider the preferred leadership portrait that adapts to the cultural dimensions, global leadership attributes, and leadership profiles of the leader's home and host cultures for effective cross-cultural leadership practice. **Research limitations/implications:** The findings of this conceptual review paper need further study to validate the application of the adaptation of the cultural dimensions, global leadership attributes, and leadership profiles of the related home and host countries based on the GLOBE study. **Practical implications:** There are values in the understanding of the application of cross-cultural principles based on cross-cultural research information for cross-cultural leadership adaptation and practices. The knowledge of the related leadership, cultural factors will facilitate cross-cultural understanding and interrelation. Leaders today are to develop the competencies to be effective in the globally connected societies as well. **Originality/value:** This paper on cross-cultural leadership used findings based on the GLOBE studies as the

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main text to understand the various cultural factors that have an impact on leadership. The information on the cultural dimensions, global leadership attributes, and leadership profiles of the home and adopted host countries were compared and contrasted to construct the best approach for cross-cultural leadership practices. The concept of the preferred leadership portrait is in congruent to the leadership, sustainability concept that promotes the long term view and progress of leaders, systems, and organizations.

Keywords: GLOBE Study, Malaysia, Canada, Leadership Adaptation, Cross-cultural Competence.

JEL Classification: M16

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Introduction

It is worth noting that according to House, Hanges, Javidan, Dorfman, & Gupta, (2004) an understanding of the definition of leadership has emerged amongst the GLOBE researchers. An overview of leadership literature indicates that there are no consensuses on the definitions of leadership among scholars (House et al., 2004; Munley, 2011). However, the core of most definitions has to do with influence, that is, how leaders influence others to help accomplish an organizational goal. On the other hand, GLOBE researchers defined leadership as “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members” (p. 15). In addition, in the context of cross-cultural leadership, the definition and practice of leadership vary from culture to culture (House et al., 2004).

This article on cross-cultural leadership leveraged on the GLOBE research findings. Northouse (2013) asserts that the GLOBE research offers the strongest body of knowledge on the study of culture, leadership, and organizations. The GLOBE project presents findings of culture and

leadership across global cultures in 62 societies in 10 regional clusters (See Figure 1). The study aims to facilitate the understanding of cross-cultural interrelation and the effect of culture on leadership. There are differences in the way each culture conceptualized the meaning of leadership (Dickson, Castano, Magomaeva, & Hartog, 2012; Mittal & Elias, 2016).

The findings of the project show how the various cultures of the different regions view leadership. Robert J. House, an initiator of the GLOBE research project, was influenced by Hofstede’s studies of cultural dimensions had decided to proceed with the GLOBE project. The GLOBE’s project replicated and further extended Hofstede’s research on the cultural dimensions (House et al., 2004). The GLOBE study developed nine cultural dimensions in each study, both on the cultural practices and values.

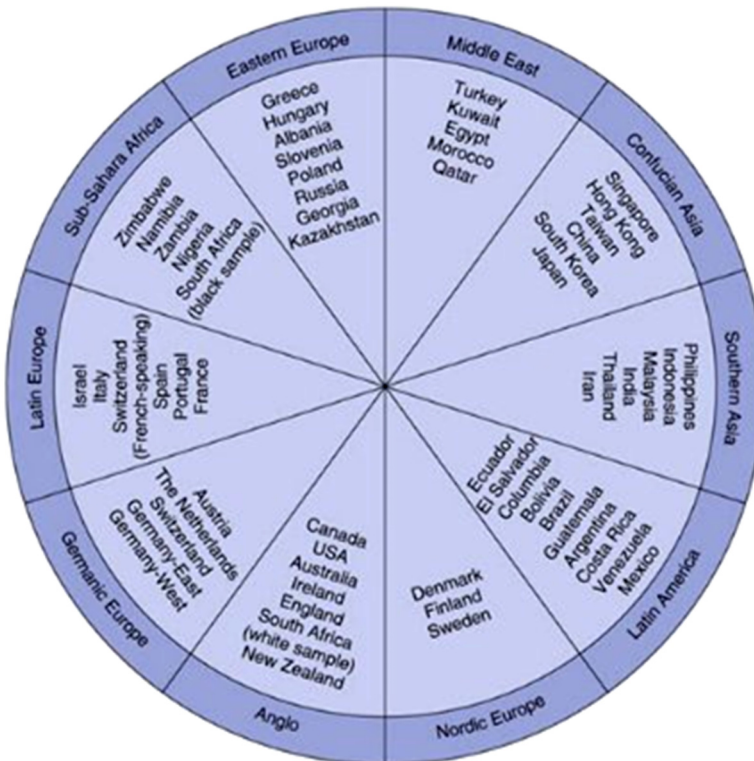


Figure 1: GLOBE’S Country Clusters
Source: House et al. (2004)

Culture affects leadership behavior, style, and effectiveness (Hanges, Aiken, Park, & Su, 2016). There are also indicators that culture influences leadership and organizational processes (House et al., 2004). Schein (1992) states “Leadership and culture are conceptually intertwined” (p. 273). Culture is shared beliefs, values, norms and practices representative of distinct people in geographical locations unique to themselves. It is in the understanding of culture that enables people to use their creativity in applying principles in their leadership context. It enables them to create practices that are relevant and meaningful in their society. As eluded by the different researchers on culture and leadership, there is a need to recognize the challenges for today’s leader to extend further from one’s cultural understanding of leadership (Northouse, 2013). However, it is pertinent to state that in cross-cultural studies the concept of cross-cultural competence (CCC) includes cultural intelligence (CQ) and intercultural competence (Bartel-Radic & Giannelloni, 2017). CQ has been attributed as pivotal for leadership in the international arena (Maldonado & Vera, 2014). While CCC involves relying on knowledge, skills, and attributes to relate with individuals of different cultural backgrounds.

There are values in the understanding of the dimensions of cultures in the practice of leadership, cross-culturally to achieve success in leadership (Cohen, 2009; Jogulu & Ferkins, 2012; Shi & Wang, 2011). The trend of globalization can contribute towards leadership misunderstanding in the workplace (Earley, Ang, & Tan, 2006; Ramalu, Chuah, & Che Rose, 2011). As a result, the interconnectedness of today’s world, it dictates a need for leaders who understand the cultural differences in these diverse settings (Dickson, Hanges, & Lord, 2001). Similarly, studies in cross-culture revealed that about 40 percent of managers assigned to foreign countries failed primarily because of the lacked of ability to function in a foreign assignment with contributing factors due to cultural differences (Tung, 1981). The failure to adjust to the culture of the host country has an impact on the performance issues of the incompleteness of assignments and even the failure in business deals (Holopainen & Bjo’Kman, 2005). There are also the challenges of individuals understanding the cultural dimensions of host the country. Cross-cultural adjustments and adaptations are a key determinant to succeed in the international work assignments

(Festing & Maletzky, 2011; Ramalu et al., 2011). Hence, having the knowledge of the related cultural factors will enhance cross-cultural understanding and adaptation. Livermore (2010) postulates that a majority of about 90% leaders from 68 nations view cross-cultural leadership as a critical challenge. Cross-cultural competency were identified as one of the required professional abilities for leadership success (Future Work Skills 2020, 2011).

An important component of the cross-cultural competence is adaptation. It is imperative for leaders to adjust to the cross-cultural work environment (Festing & Maletzky, 2011). Leaders assign for cross-cultural assignments and projects need to be aware and prepared (Alhamad, Osman, Abdul Manaf, Abdullah, AlShatnawi, 2015). The ability to adapt in the diverse cross-cultural settings is also linked to the study of CQ (Livermore, 2010; Nunes, Felix, & Prates, 2017; Ramalu et al., 2011). Jones et al. (2014) in their qualitative study on the cross cultural consensus of the preferred leadership construct found the competency of adaptability as one of the key components. Adaptability is one of the needed ability to adjust in a new cultural environment.

Researchers are calling for more studies needed on the related cross-cultural factors involving other countries for the benefits of the cross-cultural leaders and organizations (Ko, 2015; Nunes et al., 2017; Shi & Wang, 2011). The information is valuable to those assigned for international assignments (Bird & Mendenhall, 2016). Research on cross-cultural leadership adaptation is still needed (Festing & Maletzky, 2011). This paper presents the perspective of the various aspects of the host culture of Canada and the home culture of Malaysia. It then proposes the preferred leadership portrait for successful cross-cultural leadership. At the same time, due to the multi-cultural context and interconnectedness of today's world, leaders need to be aware and know the cultural differences in the diverse setting in the organization (Earley et al., 2006; Livermore, 2010). It is essential that cross-cultural leaders enhance their cross-cultural competencies accordingly to reduce misunderstanding and misconceptions (Hanges et al., 2016; Hofstede, Hofstede, & Minkov, 2010).

This paper discusses on these related issues after the introduction: home culture dimensions of Malaysia, host culture dimensions of Canada, preferred profile, highlights of the Southern Asia and Anglo leadership

profile, and a preferred leadership portrait. The cultures of Malaysia and Canada are also a typology of understanding the cultural orientation of the countries in the Southern Asia and the Anglo clusters (See Figure 1). This information would be particularly helpful for leaders to develop the cross-cultural leadership competencies.

Home Culture Dimensions of Malaysia

This section, highlights Malaysia's societal culture following the framework of GLOBE's studies. GLOBE researchers identified nine core cultural dimensions. The cultural dimensions were "uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, and humane orientation" (House et al., 2004). GLOBE researchers used these cultural dimensions to understand the approach to leadership in societies in the various regional clusters. A thorough knowledge of the cultural dimensions will help a leader to lead effectively in the other cultures.

Malaysia is a multi-ethnic society, multi-cultural, and multi-religious country which has preserved a distinct Asian cultural values in spite of the challenges of modernization (Kennedy, 2002; Peow, 2011). Given the Malaysia's multi-ethnic society, it is misleading to suggest that there is only one primary culture (Lo, Ramayah, & De Run, 2010). Some of Malaysia's long and unique background includes a colonial heritage under the Portuguese and English cultures, then experienced the Japanese occupation in World War II, before her independence from the British in 1957 (Kennedy, 2002). It later received the migration of the Chinese and Indians over the second millennium A.D. In the country's economic development, it has maintained close links with China, South Korea, Taiwan, and Japan over the decades (House et al., 2004). The country's increasing industrialization and economic growth have also led to the westernization of many management practices. However, the presence of cultural and religious values makes the Malaysian leadership styles distinctive (Keneddy, 2002).

In the GLOBE's research, Malaysia is grouped in the Southern Asia cluster. The countries in this cluster are the Malaysia, Indonesia, Thailand, Philippines, India, and Iran. According to Chhokar, Brodbeck, and House (2008), one of the specific characteristics of the cluster is the adaptation of cultures which has contributed to the people's coexistence over time. These countries displayed high degrees of humane orientation and in-group collectivism (House et al., 2004). Additionally, the Southern Asia cluster exhibited strong family relationship and great interest for their clans or communities. In a humane oriented culture, it cultivates the positive attributes of fairness, altruism, generosity, kindness, and care for one another (House et al., 2004; Northouse 2013). Northouse (2013) adds that "humane orientation is concerned with how much a society or organization emphasizes sensitivity to others, social support and community values" (p. 389). People are very tolerant of mistakes. Some of the highlights of the characteristics of high humane orientation communities are such as family, friends, and neighbors are important as opposed to the low human societies where self-interest is a way of life (House et al., 2004). Javidan and House (2001) further elaborate on the term human orientation as the high degree of values placed on human relations, especially the weak and vulnerable. Even the approach to communication focused on the avoidance of conflict. Regarding leadership, the human orientation factor is significant (Kennedy, 2002).

The Southern Asia cluster of which Malaysia is group, also registered high in in-group collectivism (House et al., 2004). The dimension of in-group collectivism mainly refers to the devotion or cohesiveness people place in their organizations or families (Northouse, 2013). In contrast to the individualistic societies, relationship ties tend to be loose, and people should plan to take care of themselves (Tata & Prasad, 2015). The perception and cultural behaviour of the individualistic and collectivistic cultures are different (Triandis, 2004). Individualism and collectivism were considered as "one of the most important dimension of variation" (Munley, 2011, p. 24). There is the relevance of individualism and collectivism to important decision making. People, who emphasize group goals over individual goals, solve relational conflicts in different ways as compared to individuals who emphasize personal goals.

Besides, Shulruf et al. (2011) argue that people from the collectivist culture tend to use indirect ways of communication in preference for harmony and “save face” in the group. Hence, the dimension of collectivism and individualism affects perceptions, reasoning, and behaviors of people in organizations (Husted & Allen, 2008). There is also an emphasis of cohesiveness in the family and the workplace. Furthermore, according to Kennedy (2002), the culture of the display of assertiveness or confrontational behavior is not encouraged. Hence, in understanding the Malaysian culture, values are placed on human orientation and collectivism rather than individualism.

In cultural research, Malaysia scored high for power distance (McCourt & Foon, 2007). The GLOBE project has defined “power distance as the degree to which members of a collective expect power to be distributed equally” (House et al., 2004, p. 30). The cultural dimension of high power distance has been referred to as “hierarchy” while the low power distance as “egalitarianism.” The power distance relationship denotes the status differences between the subordinates and the superiors (Gomez-Mejia & Welbourne, 1991). In simple terms, power distance refers to the far apart leaders, and followers feel for each other. It also relates to the people or citizens being able to accept a hierarchical system or the power structure in organizational settings. Hence, leaders and managers in high power-distance societies tend to be inclined towards autocratic, conformity, and orderliness (Bird & Mendenhall, 2016; Lim, 2001).

The trends of the high power distance orientation between the leader and the peer or follower are that they are more receptive to the top down hierarchical relationships (Kirkman, Chen, Farh, Chen, & Lowe, 2009). Also, leaders and followers do not socialize with each other regularly. Followers address leaders formally, and the status of leaders is accorded respect. As in contrast to low power distance cultures, followers in low power distance cultures feel comfortable socializing with their leaders, addressing them as peers (Earley et al., 2006; Livermore, 2010).

Host Culture Dimensions of Canada

This section further elucidates on Canada as the adopted host culture. A study of the cultural dimension of Canada is helpful for those in leadership or work-related assignment. In GLOBE's research, Canada is grouped in the Anglo cluster. The countries in the cluster are US, Canada, England, Ireland, Australia, New Zealand, and South Africa. The countries in the Anglo cluster score high in the cultural dimension of performance orientation, but low on the cultural dimension of in-group collectivism. This means that the main characteristics of these countries are ambitious and performance orientated. At the same time, relationships with family and groups are not a priority or of significant concern. Performance orientation is being defined as priority of members towards performance and excellence (House et al., 2004; Northouse, 2013). This dimension describes the extent where the society encourages the people towards achieving results and performance. Performance orientation focuses on whether people in their culture are recognized for achieving results (Northouse, 2013).

Societies that espoused high performance are characterized as economically prosperous and successful. They also have a stronger social support for competitiveness and enjoy improved levels of human development. In GLOBE's study of Human Development Index (HDI), Canada ranked first with the HDI value of 0.980. The HDI measures the three areas of human development of longevity, knowledge, and standard of living. In contrast, Malaysia ranked 60 with the HDI value of 0.834. As indicated, a performance orientated society can more likely prosper. Studies have shown that societies strong in performance-orientation emphasized education, results, and sets high-performance targets. Another characteristic is the people tend to communicate explicitly and directly (House et al., 2004). Also, Hofstede has argued that the increase in affluence contributed towards individualism in society (House et al., 2004; Triandis, 2004).

The Anglo cluster countries or populations are also described as registering low in in-group collectivism and less attached to families or similar groups (Northouse, 2013). This suggests that the value of family relationship or same group is not the main concern. In the society in-group collectivism practice scores, Canada registered a score of 4.26 which is

lower as compared to 5.97 in its values score (House et al., 2004). The cultural dimension score for Canada's in-group collectivism is low. This would imply Canada is an individualistic society. Individualism is defined as people in the community where relationships are not prioritized or loose; people take care of themselves and their own family (Tata & Prasad, 2015). The collectivistic and individualistic dimensions are the core dimensions of cultures that show the thinking, differences, and the way people work (Triandis, 2004). In an individualistic society, an individual act independently to pursue his or her interest and place the priority of personal goal over group goal. Achieving goals or tasks is more important than up keeping a harmonious relationship (Husted & Allen, 2008).

Regarding power distance, Canada scored 4.82 in practice while Malaysia scored 5.17. Hence, Canada is classified as a low power distance society where the casual relationship, approachability, and communication is practiced. In low power distance culture, followers feel at ease socializing with their leaders. It is acceptable for peers and subordinates to address a high-ranking manager or professional by their first name, but it is not so for those from a high power distance society (MacNab & Worthley 2007). Peers, or subordinates expect to have input in the decision-making processes with their superiors. While individuals or followers from high power cultures indicate fears of disagreeing with their leaders. They also show less questioning of authority in general (Smith & Hume, 2005). Besides, individuals from low power distance societies believe that power inequities should be minimized (Smith & Hume, 2005; Tata & Prasad, 2015). The other cultural dimensions where Canada had mid scores are assertiveness, future orientation, gender egalitarian and uncertainty avoidance.

Desired Global Leadership Profile

There are debates that one could not find a universally acceptable leadership style. House et al., (2004) posit that "Many leadership attributes are culturally contingent" (p. 40). As culture affects leadership, understanding the cultural dimensions and the CLT of one's home and adopted host CLTs is necessary for effective cross-cultural leadership. The GLOBE studies integrated the Culturally Endorsed Implicit Theory of Leadership (CLT) which states that individuals who hold certain theories have an impact on the

way they perceive leadership. The CLT was developed from the implicit leadership theory literature (House, Quigley, & de Luque, 2010). The knowledge of the implicit leadership theory enhances one's understanding of the influence of CLT and the practice of leadership.

GLOBE researchers have highlighted six global leadership attributes that categorized how the various cultures perceive leadership behaviors in others. They wanted to explore the dominant leadership preferences within those clusters (Resick et al., 2011). The six global leadership behaviors or dimensions of CLTs are "charismatic/value-based leadership, team orientated leadership, participative leadership autonomous leadership, humane-oriented leadership, and self-protective leadership" (Dorfman, Javidan, Hanges, Dastmalchian, & House, 2012; House et al., 2004) (See Appendix 1). Using these behaviors, the researchers came up with the leadership profiles for the ten cultural clusters in assessing and explaining leadership. House, Javidan, Hanges, & Dorfman, (2002) states that these six global leadership dimensions are culturally generalizable.

Here is a brief highlight of the Southern Asia leadership profile and the Anglo leadership profile. Based on GLOBE's research on the leadership CLT scores for societal clusters and desired leadership behaviors, the desired leadership profile of an effective Southern Asia leader would be one who displays the charismatic/value based, team-oriented, and humane-oriented leadership attributes. Such a leader would place importance on self-protective, and would not place an importance in participative leadership. The characteristics of such leader are described as "collaborative, inspirational, sensitive to people, and concerned with status and face-saving" (Northouse, 2013, p. 402). On the other hand, the Anglo leadership profile is described as supporting the charismatic/value-based leadership, which is valued by all clusters (House et al., 2004; Northouse, 2013). The Anglo cluster also supports team-oriented leadership with elements of participative leadership, coupled with humane-oriented manner. A people-oriented leadership is desired in all Anglo countries whereby a leader operates as a part of a team and at the same time autonomous (Chhokar et al., 2008; Northouse, 2013). This would imply that as much as the Anglo countries preference for a person-oriented leader to be part of the team, but by the virtues of the embedded cultural dimension nature of individualism, there is still a need to be autonomous.

A Preferred Leadership Portrait

In proposing the desired global leadership profile, it would be appropriate to consider a universal preferred leadership characteristic that emerged from GLOBE's findings. The GLOBE's findings had identified a list of 22 valued positive global leadership characteristics (Dorfman et al., 2012; Northouse, 2013). The universally supported portrait of an excellent leader is "trustworthy, just, honest, foresight, plans ahead, encouraging, positive, dynamic, motive arouser, confidence builder, motivational, dependable, intelligent, decisive, effective bargainer, win-win problem solver, communicative, informed, administratively skilled, coordinative, team builder, and excellence oriented" (House et al., 2004, p. 677). Clearly, in a nutshell, based on the identified list, the universally preferred leader has the qualities of "integrity, charisma, and interpersonal skill" (Northouse, 2013, p. 403).

On the other hand, the universal, description of an ineffective leader is described as "loner, irritable, ruthless, asocial, non-explicit, dictatorial, non-cooperative, and egocentric" (House et al., 2004, p. 678). Hence, an ineffective leader is one described as "asocial, malevolent, self-focused, and autocratic" (Northouse, 2013). According to GLOBE's findings, the leadership behaviors from the charismatic/value-based and team-oriented leadership dimensions were seemed as contributors to leadership. Thus, these two leadership dimensions would be positively perceived among the 10 clusters (House et al., 2004). In summarizing the combined strength of these descriptions of leadership attributes and dimensions contributes towards an ideal portrait of a universally exceptional leader is formed (See Figure 2).

An ideal preferred leadership profile from the home country of Malaysia and the adopted host country of Canada would incorporate these two leadership dimensions of charismatic/value-based leadership and team-oriented leadership which is the dimensions that are listed in both the Southern Asia and Anglo leadership profile. The humane-oriented leadership dimension which is also listed in both the regional clusters of Southern Asia and Anglo is reported to be somewhat of a contributor to effective leadership (House et al., 2004).

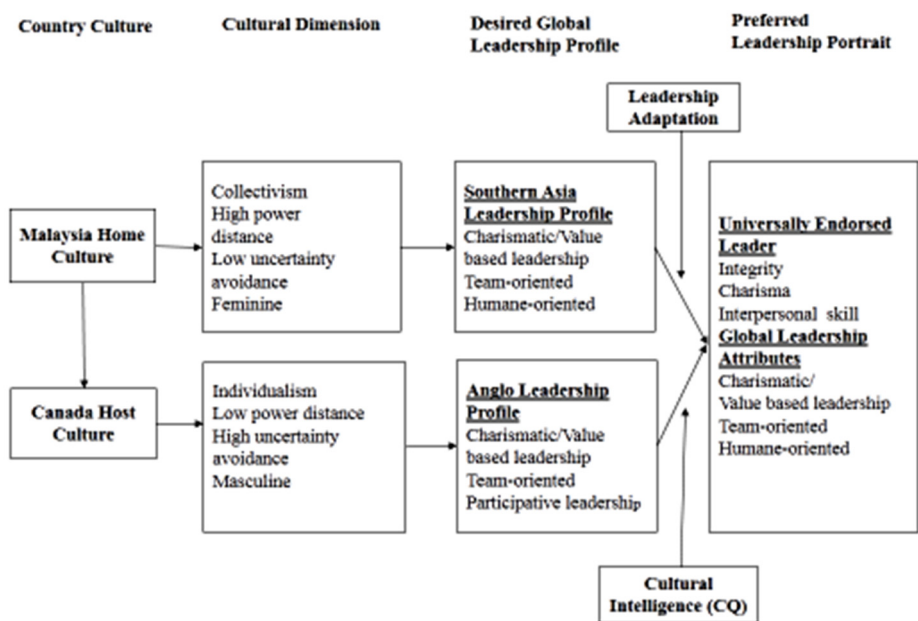


Figure 2: The conceptual framework of the preferred leadership portrait

Source: Author’s inference from related cross-cultural leadership literature

In consideration for effective leadership in both the home and adopted host cultures, the above-mentioned universally desired leadership attributes that emerged from GLOBE’s findings can serve as principle guidelines for leadership. Factors for leadership adaptation include some specific aspects of the cultural dimensions of the home country where the leader is accustomed to as well as in exercising effective leadership in the host country.

First, the cultural dimensions of power distance. As was identified in GLOBE’s findings, Canada the adopted host country scores low in practice while Malaysia the home country score high (House et al., 2004). As discussed earlier, low power distance oriented approaches are consultation and approachability (Gomez-Mejia & Welbourne 2002; MacNab & Worthley 2007). In societies that score in low power distance culture, there is the expectation that all should have equal rights. Furthermore, the people will

question and challenge the views of superiors or peers (Livermore, 2010). Thus, as a leader coming from a high power distance society, this cultural dimension needs to be appropriated in the expectation and the exercise of leadership.

There is the cultural expectation of approachability, flexibility, and informality in working relationships. For instance, as a team leader assigned to lead in an assignment or project in the adopted host country with low power distance, one's approach and style to leadership need to change and adjust accordingly. There are cultural differences one needs to recognize. The leader can expect to be treated informally, addressed as peers, being questioned in his directives and inputs and decision-making rights. As a team leader, one cannot merely be making arbitrary decisions in the assignment or project. A high power distance team leader cannot be expected to be accorded with respect merely from his titles, status, and positions. A participative or engaging style would help.

As a team leader in a low power distance society, a leader needs to exercise CQ and seek to understand the cultural dimensions of the particular culture involved (Earley et al., 2006; Livermore, 2010). For instance, there is the informal peer relationship between the leader and group members. For a leader of the home country where it is high power distance, it requires adjustment. Also, in the leader's interactions with those in the position of authority, it is preferable that the leader exhibit an openness and approachability.

Second, the cultural dimensions of individualism and collectivism. There are differences and dynamism in these cultural dimensions of individualism and collectivism as was discussed in the section on the leader's home country of Malaysia as well as the adopted host country of Canada. As a team leader from a collectivist culture working in an individualistic culture, there are certain aspects of the cultural dynamics one need to be aware of to be effective. A point emphasized by Livermore (2010) for those from the collectivist cultures in working with an organization from an individualist culture, the approach should preferably be working with mainly one or two individuals. In individualistic oriented cultures, there is the tendency to use positive feedback to motivate own followers.

In the North American low-context culture's words are explicitly emphasized and direct communication valued instead (Livermore, 2010). There is a preference or practice of direct open communication rather than indirect as in the collectivist culture. Therefore, as a team leader working in an individualistic culture, this perception and practice need adjustment. As a team leader from a collectivistic oriented culture, that needs adjustment as well. For instance, a team leader in a collectivistic society communicates or sends instructions indirectly or through a third party. It is a standard practice in such cultures, but will likely to be misunderstood in an individualistic culture.

A related concept of the dimension of the culture of the host country is the level of high uncertainty avoidance oriented where there is the preference for writing rules, structure, and regulations (Livermore, 2010; Tata & Prasad, 2015). Javidan and House (2001) states, "Societies that are high on uncertainty avoidance have a stronger tendency toward orderliness and consistency, structured lifestyles, clear specification of social expectations, and rules and laws to cover situations" (p. 293). When working with individuals with high uncertainty avoidance, there need to be explicit objectives and deadlines. Malaysia falls into the category of low uncertainty avoidance except for the more literate urban city areas. According to Kennedy (2002), this cultural practice is valued by respondents in their survey as Malaysia progresses towards a developed economy, hence the desire to reduce future uncertainty. Hence, as a team leader, this cultural dimension needs to be considered regarding strategy and communication.

The other aspect of the adopted host country's cultural dimension is the orientation towards Hofstede's definition of masculine cultures (Contiu, Gabor, & Stefanescu, 2012). The masculine cultures support assertiveness, challenge, and ambition while the feminine cultures place emphasis on cooperation, nurturance, good working relationship, and affiliation (Tata & Prasad, 2015). A country that scores high on this dimension accepts the philosophy that men or masculine values are dominant within the society. The Malaysian cultural practice tends towards the feminine cultures (Kennedy, 2002).

According to Hofstede (1991) study of cultures, the elements of both assertiveness and nurturance for effectiveness are required for managerial jobs (Offermann & Hellmann, 1997). Thus, as a team leader,

employing cultural intelligence (CQ) to know how to assess the situation and to cultivate the skills of using the elements of assertiveness and nurturance. In the course of work assignments, there is a need for the value and place of cooperation and good working relationship. At the same time in the context of the adopted host country of Canada, where it is oriented towards masculine cultures, there is a need to assert, challenge, and step up. This is a summarized description of the strength of the concept of the preferred leadership portrait of successful cross-cultural leadership. Leaders who follow this framework will be effective (Dorfman et al., 2012).

There were concerns on the issues of developing sustainable leadership in recent times (Grooms & Reid-Martinez, 2011; Rogers, 2011). Researchers are urging for leadership development to include the sustainability agenda (Galpin, Whittington, & Bell, 2015; Quinne & Dalton, 2009). Essentially, sustainable leadership development involves new thinking for the long term progress of leaders, systems, and organizations employing sustainable principles (Rogers, 2011). The proposed preferred leadership portrait encapsulates the concept of sustainability leadership. The effects of the implication of the concept of sustainability in this study are many folds, such as, achieving leadership objectives and success, sustaining one's leadership work, and developing the human resource (Grooms & Reid-Martinez, 2011). Hence, there are many benefits of the proposed preferred leadership portrait model.

Conclusion and Implications

This article began with a brief overview of the definition of leadership. Influence is the key word in many definitions of leadership, including GLOBE's definition. We are also introduced to GLOBE's project in their findings of culture and leadership across global cultures in 62 societies as the central text for understanding effective cross-cultural leadership. GLOBE's studies on the nine cultural dimensions of each society and the six global leadership aspects of CLTs offered perspectives on the understanding and application of cross-cultural leadership practice.

The paper, then presented the cultural dimensions of Malaysia. Malaysia being the home country of the leader is grouped in the Southern Asia cluster. The countries in this cluster score high in humane orientation and in group collectivism. Some of the characteristics of the humane orientation dimension are cohesiveness and supports as express in communication and practice. The features of the in-group collectivism is essentially the degree where individuals communicate care for their communities and families. Malaysia has also been classified as a high power distance society. Hence, as discussed, there are a formality and distance between a leader and a follower.

In contrast, the cultural dimensions of Canada as the adopted host country are also presented. Canada is grouped in the Anglo cluster, where they excel in performance orientation and low in in-group collectivism. In performance orientation, the society encourages improved performance and excellence. The society of such cultural dimensions, usually results in improvement and prosperity in many significant fields. While being low in in-group collectivism would imply an individualistic society which places an importance of achieving results than on maintaining a harmonious relationship. Canada being classified as a low power distance society has characteristics of informal and flexible working relationships. Also, there is open communication between a leader and the peers.

The preferred leadership portrait would also include explicit consideration of the cultural dimensions of the adopted host country and adaptations to one's leadership such as power distance, individualism, and masculine culture trends. A cross-cultural leader nurtured and formed from a Southern Asia cluster and specifically from the Malaysian context is to take cognizance of these leadership and cultural dimensions and with growing CQ, adjust and apply the leadership competencies accordingly. There is a leadership strength of the elements of the cultural dimensions of Malaysia that would enhance a leader's practice in the setting of the host country of Canada such as the cultural dimensions orientation of humane orientation and in group collectivism. A leader from the Malaysian background contributes strength in these values in their perspective and leadership practices. In the humanistic orientation, there is a stronger element of sensitivity, support, and care for families, neighbors, workplace, and the communities. As highlighted, the leadership approach tends to

focus on avoiding conflict and being caring. A leader from an in-group collectivist background will contribute or reflect the value of cohesiveness and harmony in teams or organizations which will be a positive contributing factor. In conclusion, this study of the proposed preferred leadership construct will contribute towards a sustainable cross-cultural leadership theory and practice.

Recommendation

Further research is needed to validate the characteristics and functions of an ideal preferred leadership portrait of a cross-cultural leader incorporating the cultural dimensions, global leadership dimensions, and desired leadership profile of the home culture of Malaysia and the host culture of Canada. Furthermore, the field of leadership adaptation between the different cultures are potential areas of research. There has been the lack of empirical data in field of study.

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Appendix 1

Global leadership behaviors

| No | Global leadership behaviours | Definitions |
|----|------------------------------------|---|
| 1. | Charismatic/Value-based Leadership | The ability to inspire, to motivate, and to extent high performance outcomes from others on the basis of firmly held core values. This leadership dimension includes being (a) visionary, (b) inspirational, (c) self-sacrifice, (d) integrity, (e) decisive, and (f) performance oriented. The Charismatic/value-based leadership is universally reported as a contributor to effective leadership. |
| 2. | Team-Oriented Leadership | The ability to effectively build teams and to implement a common purpose or goal among team members. Team-oriented leadership consists of (a) collaborative team orientation, (b) team integrator, (c) diplomatic, (d) benevolent, and (e) administratively competent. All ten regional clusters considered this a desirable leadership attribute. |
| 3. | Participative Leadership | The degree to which leaders involve others in making and implementing decisions. Participative leadership is generally viewed positively. |
| 4. | Humane-oriented Leadership | The degree to which leaders are supportive, considerate, compassion, and generosity to followers. Humane-oriented leadership is seen as neutral in some countries, and moderately contributing to effective leadership in other countries. |
| 5. | Autonomous Leadership | The tendency of leaders toward individualism and independence. This leadership dimension ranges widely from being seen as an impediment to effective leadership in some countries, to be a desirable attribute in other countries. |
| 6. | Self-Protective Leadership | The degree to which leaders employ status enhancement and face-saving to ensure the safety of the individual or group. Aspects of self-protective leadership include (a) self-centred, (b) status conscious, (c) conflict inducer, (d) face saver, and (e) procedural. This leadership dimension is reported to impede effective leadership, although there is a wide range of scores between cultures. |

Source: House et al., (2004)

THE RELATIONSHIP BETWEEN SELF-CONFIDENCE, SELF-REMEMBRANCE AND SINCERITY AMONG STAFF TOWARDS INFORMATION SYSTEMS OUTSOURCING SUCCESS

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ABSTRACT. The study examines the relationship between the humanistic elements of self-confidence, self-remembrance and sincerity among staff towards the success of information systems (IS) outsourcing. A total of 500 questionnaires were distributed by mail to the manager of information systems outsourcing companies registered with Malaysia's Multimedia Super Corridor and 168 were returned. The hypotheses of this study were analyzed using multiple regression methods. The findings show that the element of self-confidence and sincerity of the staff have a positive and significant relationship towards the success of information systems outsourcing. The theoretical and practical implications and suggestions for future research are discussed.

Keywords: information systems outsourcing success; humanistic elements; self-confidence; self-remembrance and sincerity.

JEL Classification: M15

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1. Introduction

Information systems outsourcing are an important strategy in the organizational IS (Akomode, Lees & Irgens, 1998; Zanganeh & Didehkhani, 2014). It occurs when a source of physical and/or persons related to information technology (IT) of a given organization is managed by an external provider specializing (Gonzalez, Gasco and Llopis, 2005). IS outsourcing development has occurred on a large scale and it is not expected to decrease in the future (Akomode et al., 1998; Gonzalez, Gasco and Llopis, 2010; Caruth, Pane & Caruth, 2013). This is because the cost of handling and the supply of equipment from the outsourcing IS supplier is cheaper, while the labor force are more specific (Lacity & Willcocks, 1998; Claver, Gonzalez, Gasco and Llopis, 2002; Husin & Ibrahim, 2014).

Early research on outsourcing IS focused more on the role of contracts and agreements relating to the level of service which is to restructure and regulate the relationship between customer and supplier outsourcing (Lacity & Willcocks, 1998). With the signing of outsourcing agreements, the company intends to reduce the cost of IT, focus on core competencies and acquiring great technical resources. Although IS outsourcing often thought to be difficult to manage, it is not as expected. However, it is necessary to give a competitive advantage to the organization (Moon and Nolan, 1995; Akomode et al., 1998; Lacity & Willcocks, 1998; Lee, 2001; Lee & Kim, 2005; Liao, Liu, Lin & Huang, 2009; Qi & Chau, 2012; Moon & Lee, 2014).

In recent times many researchers in this field begun to emphasize the humanistic elements of staff IS outsourcing company throughout their relationship with the customer (Davis, 1996; Willcocks & Kern, 1998; Sabherwal, 1999; Koh Ang & Straub, 2004; Koh & Ang, 2007; Lee & Choi, 2011; Park & Lee, 2014). This is because the awareness of the importance

of these elements is increasing and if not given serious consideration, they will have a negative effect on the success of IS outsourcing organizations (Doherty & King, 1998; Ewusi-Mensah & Przansnski, 1994; Grey & Stainer 2007; Choudrie, Grey & Selamat, 2009; Park & Lee, 2014). Despite the importance of humanistic elements towards IS outsourcing success, the extent to which such elements of staff influence the success remains unclear. Thus, the focus of this study is to investigate the relationship between the humanistic elements of staff IS outsourcing company (self-confidence, self-remembrance and sincerity) and the success of IS outsourcing (Lee, 2001; Malhorta, 2004; Koh & Ang, 2007; Choudrie et al., 2009; Moon & Lee, 2014). This study is structured as follow: (1) literature review; (2) research model and hypotheses development; (3) research methodology; (4) data analysis and findings; (5) discussion; and (6) conclusion, limitations and future research.

2. Literature Review

IS Outsourcing Success

IS outsourcing is all or part of the distribution function of IS organization to one or more IS outsourcing companies. It is done to obtain economic, technological and strategic advantages (Loh and Venkatraman, 1992; Grover, Cheon & Teng, 1996; Lee, 2001; Lee, 2008; Gonzalez et al., 2010; Duhamel, Gutierrez-Martinez, Picazo-Vela & Luna-Reyes, 2014). Thus, the success of IS outsourcing for this study is generally viewed from the perspective of the economic, technological and strategic benefits (Grover et al., 1996; Lee & Kim, 1999; Lee, 2001; Lee & Kim, 2003; Lee, Miranda & Kim, 2004; Lee & Kim, 2005; Han, Lee, & Seo, 2008; Liao et al., 2009; Qi & Chau, 2012). According to Grover et al. (1996), the success of IS outsourcing can be measured by looking at the outsourcees' ability to contribute towards factors such as focusing on core business competencies, increasing IS effectiveness, increasing access to skilled task force, obtaining economies of scale in human resource and technology, controlling IS expenditure, reducing obsolete risks and increasing access to IT.

Self-confidence

The element of self-confidence for this study is represented by the self-confidence among the staff while completing organizational tasks (Butcher, Harvey, & Atkinsone, 1997; Harvey & Butcher, 1998; Selamat & Choudrie, 2007; Selamat & Mat Samsudin, 2012). Staff with this element often have a strong commitment to advancing the organization, better equipped to face the challenges at the workplace, are able to take on new greater responsibilities, risk-taking throughout the process of developing a career or field of endeavor and have the determination to develop other staff (Selamat, Abd. Wahab & Mat Samsudin, 2010). Many previous studies that have emphasized the importance of this element to the success of IS outsourcing (Butcher et al., 1997; Harvey & Butcher, 1998; Smith, 2005; Bertoncelej & Kovač, 2008; Lavanya, 2011; Pedler, Burgoyne & Boydell, 2013).

Self-remembrance

This study defines self-remembrance as the staff continues to monitor their actions while performing organizational tasks (Selamat & Choudrie, 2007). This humanistic element makes the staff feel as if their movements are always observed by other colleagues, especially the boss (Selamat et al., 2010). Thus, the feeling would make they always focus on the given task (Selamat & Choudrie, 2007; Selamat & Mat Samsudin, 2012). Practicing this element among staff can enhance the competitiveness and the success of the organization (Selamat et al., 2007). Thus, the self-remembrance is expected to impact the success of IS outsourcing.

Sincerity

This study suggests an element of sincerity in work as nature realize that every gestures and deeds in the organization is simply to fulfill the responsibilities and benefits the organization (Che Din & Rajadurai, 2009; Selamat, Abd. Wahab & Mat Samsudin, 2010; Selamat & Mat Samsudin, 2012). This element will help staff to increase productivity and competitiveness, and profitability of an organization (Che Din & Rajadurai 2009; Selamat et al., 2007; Selamat, Abd. Wahab & Mat Samsudin, 2008b; Choudrie et al., 2009). Since, this element can lead to the success of an organization, this study suggests it also could be crucial to the success of IS outsourcing as well.

3. Research Model and Hypotheses Development

The research model is illustrated in Figure 1. Based on this model, this study suggests three humanistic elements that have a positive relationship to the success of IS outsourcing. This suggestion is consistent with the resource-based theory which states that the characteristics of the staff are one of the important resources that can bring success to the organization (Barney, 1991; Barney & Clark, 2007).

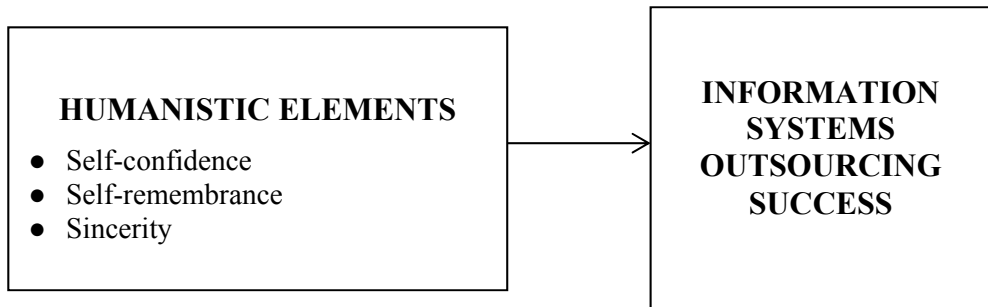


Figure 1. Research Model

Source: Selamat, Choudrie and Grey (2008a)

The value of self-confidence among staff at work is important to build a strong commitment towards the success of an organization (Selamat et al., 2010). This argument is consistent with previous studies such as Butcher et al. (1997), Harvey and Butcher (1998), Selamat (2005), Selamat and Choudrie (2007), and Pedler et al. (2013). Therefore, this study expects that IS outsourcing success would depend on the level of confidence that exists within the company staff (Selamat et al., 2008a; Choudrie et al., 2009). Thus, the proposed hypothesis is as follows:

Hypothesis 1: There is a positive and significant relationship between self-confidence and IS outsourcing success.

Self-remembrance value inherent in every staff made them to be sensitive to their work. This attitude encourages them to focus entirely on the implementation of the tasks efficiently and effectively (Selamat,

2005). This kind of staff element can lead to the success of an organization (Selamat & Choudrie, 2007; Choudrie et al., 2009; Selamat et al., 2010; Selamat & Mat Samsudin, 2012; David, Vannini, Sabiescu & Cantoni, 2013). Thus, this study assumes that the level of self-remembrance among the staff of IS outsourcing companies can affect the success of IS outsourcing. The proposed hypothesis is:

Hypothesis 2: There is a positive and significant relationship between self-remembrance and success of IS outsourcing.

The value of sincerity among the staff will improve the productivity, competitiveness and profitability of the organization (Selamat et al., 2010). This is because each staff being selfless, not greedy, honest and always trust other colleagues. Sincerity of work also encourages staff to work collectively and harmony (Selamat, 2005). This situation will bring success to the organization (Selamat & Choudrie, 2007; Choudrie et al., 2009; Selamat et al., 2010; Selamat & Mat Samsudin, 2012; David et al., 2013). Based on the above discussion, this study suggests that the sincerity of work that exists within staff IS outsourcing companies would contribute to the success of IS outsourcing. Thus, the developed hypothesis is:

Hypothesis 3: There is a positive and significant relationship between sincerity and success of IS outsourcing.

4. Research Methodology

Sampling and Data Collection

The unit of analysis for this study is IS outsourcing companies in Malaysia. Data were collected using cross-sectional approach. The study population was 2,104 of IS outsourcing companies registered under Multimedia Super Corridor (MSC) Malaysia. A total of 500 questionnaires were mailed to the randomly selected managers who are in charge of outsourcing activities. Of these, only 168 questionnaires were returned, yielding a response rate of 33.6%. According to Sekaran (2003), the mail survey response rate of 30% is adequate. Thus, the response rate for this survey is more than the proposed rate.

Research Instrument Refinement

To improve the quality of questionnaires several tests such as content validity, pre-test and pilot test were conducted before the primary data collection (Straub, Boudreau & Gefen, 2004). Content validity test was conducted using previous studies and constructive suggestions from the experts (4 practitioners and 3 academicians). The matters considered during pre-test were: the time taken to complete the questionnaire, the length of the questionnaire, the suitability of the questionnaire design for mail survey, the understandability of the items and the suitability of the used scales (Hunt, Sparkman & Wilcox, 1982; Sekaran, 2003). The items contained in the questionnaire for this study are shown in Appendix A.

Table 1 shows the Cronbach's alpha values of pilot test to examine the internal consistency of the questionnaire. Overall, the Cronbach's alpha values for all variables is between 0.77 and 0.84, higher than the minimum level of 0.60 (Hair, Black, Babin & Anderson, 2010). This indicates that the respondents answered the questionnaire items consistently (Churchill, 1979; Sekaran, 2003; Zikmund, Babin, Carr & Griffin, 2010).

Table 1. Research Instrument Reliability

| Variables | Total Items | Cronbach's Alpha Values |
|---------------------------|--------------------|--------------------------------|
| 1. IS Outsourcing Success | 9 | 0.84 |
| 2. Self-confidence | 6 | 0.77 |
| 3. Self-remembrance | 6 | 0.77 |
| 4. Sincerity | 3 | 0.78 |

Source: Summary of Statistical Package for the Social Sciences (SPSS) (Version 19.0) Output

5. Data Analysis and Findings

A refinement of research data has been done prior to the multiple regression analysis. It is divided into two main categories: (1) data screening; and (2) data testing to meet the assumptions of multivariate analysis (Hair et al., 2010). Data screening consists of three tests which are missing data, response bias and outliers identification. The data

testing to meet the assumptions of multivariate consists of four tests, namely tests of normality, linearity, homoscedasticity and multicollinearity tests. The results of multiple regression analysis to test the three hypothesis of this study are shown in Table 2, 3 and 4. According to Table 2, the value of Adjusted R Square is 0.507. This shows that the three independent variables (self-confidence, self-remembrance and sincerity) explain 50.7% of variance in the success of IS outsourcing. Table 3 shows that the research model is significant (0.000) with the F value of 55.93.

Table 2. Model Summary ^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | .719a | .517 | .507 | 5.52610 |

Note: a. Predictor: (Constant): Self-confidence, Self-remembrance and Sincerity;

b. Dependent Variable: IS Outsourcing Success

Source: Summary of SPSS (Version 19.0) Output

Table 3. ANOVA^b for Multiple Regression Analysis

| Model | | Sum of Squares | df | Mean Square | F | Significant Level |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 5123.624 | 3 | 1707.875 | 55.927 | .000a |
| | Residual | 4794.438 | 157 | 30.538 | | |
| | Jumlah | 9918.062 | 160 | | | |

Note: a. Predictor: (Constant): Self-confidence, Self-remembrance and Sincerity;

b. Dependent Variable: IS Outsourcing Success

Source: Summary of SPSS (Version 19.0) Output

Based on Table 4, two out of three humanistic elements in this study are positive (Standardized Coefficients) and significant ($p \leq 0.05$) towards the success of IS outsourcing. They are self-confidence ($p = 0.00$, $t = 9.93$) and sincerity ($p = 0.00$, $t = 3.99$). Self-confidence ($\beta = 0.632$) is the most influential factor that affect the IS outsourcing success. In other words, hypothesis 1 and 3 of this study were accepted whereas hypothesis 2 (self-remembrance) was rejected.

Table 4. Coefficient^a for Multiple Regression Analysis

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | *Significant Level |
|---------------------|-----------------------------|------------|---------------------------|--------|--------------------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 21.540 | 2.919 | | 7.379 | .000 |
| 1. Self-confidence | .862 | .087 | .632 | 9.924 | .000* |
| 2. Self-remembrance | -.129 | .101 | -.077 | -1.273 | .205 |
| 3. Sincerity | .437 | .109 | .235 | 3.993 | .000* |

Note: a. Dependent Variable = IS Outsourcing Success, *p is significant at level ≤ 0.05 .

Source: Summary of SPSS (Version 19.0) Output

6. Discussion

The results of this study found that the element of self-confidence and sincerity have positive and significant relationships with IS outsourcing success. The findings are also consistent with previous studies whereby the element of self-confidence and sincerity that exist within staff could bring success to the organization (Selamat & Choudrie, 2007; Choudrie et al., 2009; Selamat et al. 2010; Selamat & Mat Samsudin, 2012). The finding indicates that staff of IS outsourcing companies with high elements of self-confidence are able to build a strong commitment to advance themselves. Meanwhile, staff with sincerity element is able to create a work environment that is more collective and harmonious. This in turn can boost a company's reputation and the success of IS outsourcing (Selamat, 2005; Choudrie et al., 2009; Selamat et al., 2010; Selamat & Mat Samsudin, 2012).

This study found no relationship between self-remembrance and IS outsourcing success. This finding shows that this element is not considered as the factor that contributes to the success of IS outsourcing by the IS outsourcing company managers. The finding is also inconsistent with the findings of previous studies, whereas the element of self-remembrance that exists within each of the organization's staff is able to bring success to their organization (Selamat & Choudrie, 2007; Choudrie et al., 2009; Selamat et al., 2010). It is likely that the staff of IS outsourcing companies are less satisfied with their employer, particularly in terms of salary, other incentives, and flexible working hours and also the existence of a significant

gap between the staff and the management of company. This situation leads to staff are less likely to feel the presence of their superiors when performing organizational tasks. In other words, the staff in IS outsourcing company feel that the element of self-remembrance give less encouragement to the success of IS outsourcing.

7. Conclusions, Implications, Limitations and Future Research

The objective of this study was to investigate the relationship between the humanistic elements of self-confidence, self-remembrance and sincerity that exists among staff outsourcing companies towards IS outsourcing success. The findings show that the element of self-confidence and sincerity of the staff have a positive and significant impact on the success of IS outsourcing. Instead, the element of self-remembrance was found to have no significant relationship to the success of IS outsourcing.

This study has several implications in terms of theoretical and practical. From a theoretical perspective, this study applies the resource-based theory to explain the influence of these elements to the success of IS outsourcing. The study also enhances the understanding of the humanistic elements of staff and to what extent they determine the success. In terms of practical aspect, the results of this study can be used by the management of the company to develop a specific training module to ensure that these elements can be applied in each of their staff. The application of these elements is essential to ensure the success of IS outsourcing.

This study has several limitations. First, this study is limited to the context of staff of IS outsourcing companies only. It is better if these elements can be compared among staff of IS outsourcing company and staff of IS outsourcing customers in future research. Second, the conceptual framework of this study is newly developed and it should be further tested and validated. This could be done by studying in other organizational contexts or countries. Finally, since the current study found no relationship between self-remembrance and IS outsourcing success, an empirical study that further investigates this finding is required.

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Appendix A: Questionnaire Items

Items measuring information systems outsourcing success

1. Our clients have been able to refocus on core business
2. Our clients have enhanced their IT competency
3. Our clients have increased access to skilled personnel
4. Our clients have enhanced economies of scale in human resources
5. Our clients have enhanced economies of scale in technological resources
6. Our clients have increased control of IS expenses
7. Our clients have reduced the risk of technological obsolescence
8. Our clients have increased access to key information technologies
9. Our clients are satisfied with our overall benefits from outsourcing

Items measuring self-confidence

1. Our staff can be a role model at the workplace
2. Our staff can face any challenges at the workplace
3. Our staff able to take new responsibility
4. Our staff willing to take risk when undertaking new tasks
5. Our staff always critic others in improving the work quality
6. Our staff willing to utilize available resources in order to fulfill clients' needs

Items measuring self-remembrance

1. Our staff aware about the need to comply with work standards
2. Our staff are outcome oriented when completing the job list
3. Our staff are mindful towards their actions at the workplace
4. Our staff read job description carefully when starting new job
5. Our staff conduct meeting to discuss work progress with others
6. Our staff know their career path in the company

Items measuring sincerity

1. Our staff perform work based on religious/moral values
2. Our staff sincerely contribute to firm's development
3. Our staff are honest when undertaking task

THE FACTORS THAT INFLUENCE STUDENTS' VIEWS ON SELF-EMPLOYMENT AMONG IKBN STUDENTS

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ABSTRACT. Objective: The purpose of this paper is to examine the influence of college experience, family support and role model towards students' views on self-employment. **Methodology:** A questionnaire survey was administered to 338 IKBN (Institut Kemahiran Belia Negara) students in Northern region of Malaysia. This group was selected as respondents because they were exposed to focus on technical and skills-based learning to be skills worker that can produce a product or provide a service and these will lead them to be self-employed after their graduation. This study utilize simple random sampling as a sample technique and using SPSS version 22 to analyze the data obtained. The analysis technique used are descriptive analysis, reliability, normality and regression analysis. **Results:** This study indirectly found that there is significant relationship between independent and dependent variables. The main finding in this study indicate that all the independent variables tested support the students' views on self-employment. Besides that, the research also found that family support is the most influence and plays important roles in sharpen students' views on self-employment. **Implication:** This research contributes to both theoretically and practically. Consistent with the Knowledge Spillover Theory of Entrepreneurship, technical knowledge has capability in sharpening views on self-employment. This knowledge rises opportunities and able to sharpen views on self-employment among students. The research findings expected that IKBN can

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produce more skillful of self-employments among graduate students. Thus, this can help government in controlling and reducing the unemployment rate in Malaysia.

Keywords: self-employment, college experience, family support, role model

JEL Classification: L26

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Introduction

Malaysia government has implemented the technical and vocational training institution in order to enhance competencies and competitiveness among the youth (Nur Hanis, Shamsul Huda & Donny, 2016). The development of this institution proves that government emphasizes the importance of entrepreneurship among the youth since their main syllabus focus on skill-based learning. There are several numbers of vocational and technical training institutions in Malaysia including the National Youth Skills Institute (IKBN). The Ministry of Youth and Sports Malaysia was introduced IKBN on 1964 with the initial objective to solve the unemployment problem. This institution offers skills training programmes among the youth (Ministry of Youth and Sport, 2017). Through this, skills-based students are encouraged to be self-employed or venture their own business.

Problem Statement

Malaysia has a high rate of unemployment due to the economic situation that is unstable and many private companies closed under this influence (Department of Statistics Malaysia, 2017). According to Malaysia

Statistical Department, the unemployment rate in January 2017 was 3.5 percent. Meanwhile, based on year-to-year comparison, there is stated that the unemployment rate was 0.1 percent higher than January 2016. According to Norasmah and Salmah (2009), the number of graduates who have intention to involve in entrepreneurship has increased but the number of those who put the intention and views into actions is still low. The reviews on the passion in entrepreneurship among graduate student in higher learning institutions have shown a positive development over the last decades (Buzeye, 2013). Therefore, based on those findings, the researchers were interested to investigate the passion of students who are weak in academic knowledge but have the potential skills for self-employment.

Literature Review

Views on Self-employment

Abdulkarim (2012) defined self-employment as the act of working for oneself. Self-employment or entrepreneurship always been related with the entrepreneurship education among students (Fretschner & Weber, 2013). It is supported by the study by Zaroug, Samir and Abd Syed (2016). They found that there is a significant relationship between entrepreneurship education and entrepreneurial intention among university students. Besides, they found that student with a previous entrepreneurial experience have the desire to create their own business or to be self-employed. Nabi et al. (2016) also found there is a significant relationship between entrepreneurship education and self-employment or entrepreneurial intention among the first year student. They fill the gap of the study by Linan, Urbano and Guerrero (2011) which is focused on the latter stages of university students' journey.

College Experience

Pace (1984) defined college experience as the events that occur in the college environment. Education from college, especially entrepreneurship education, gives students a great experience that can sharpen the students' views on self-employment (Titilayo, 2015). Robert (2014) study on the

influence of the college environment on the entrepreneurial intention of student, found that the college environment have significantly impact on the student intention to have own business.

Family Support

Drennan, Kennedy and Renfow (2005) found that family members, especially the parents, play a crucial role in establishing the desirability and in sharpening the views of students on self-employment. It is confirmed by Rajani and Sarada (2008), whereby family support plays a crucial role in entrepreneurial intention.

Role Model

Giuliano Guerra and Roberto Patuelli (2014) have done a study on the presence of role model on self-employment rates of the natives in order to show that the role model matter in aggregate decision outcomes regarding self-employment. Therefore, they found that role model have positive impact on the self-employment rates of immigrants.

Therefore, the hypothesis is generated according to the previous findings as below:

H1: College experience influences students' views on self-employment

H2: Family support influences students' views on self-employment

H3: Role model influences students' views on self-employment

Research Methodology

This study employed quantitative approaches by using descriptive methods in order to evaluate and generalize the result of the sample to the population. Descriptive analysis was done using the analytical tools of SPSS version 22. The research was conducted through self-administrated questionnaires to do the survey among the students of IKBN. The population for this study is IKBN students in the Northern region of Malaysia. Based on the Department of Skill Development, Ministry of Youth and Sports Malaysia, the statistical number of IKBN students in Northern region for January 2017 is around 2,707. This group was selected

as respondents for this study because they were presumed to focus on technical and skills-based learning to become skilled workers that can produce a product or provide a service and these will lead them to be self-employed after their graduation.

This study also used the simple random sampling for the sampling frame based on IKBN student lists name that are listed by the Ministry of Youth and Sport Malaysia, 2017. By looking at this list, the researchers selected the respondents from the Northern region randomly from the list and attached the authorization letter to the related IKBN for the permission to distribute the questionnaire to the selected respondents. After the permission was received, the researchers distributed the questionnaire.

Data Analysis

In quantitative research, data analysis is important for analyzing the collected data. It helps researcher to conduct arranged testing of the data and develop explanations, and assist in testing the hypothesis (Joel, 1996). Following are presented some of the analysis that has been conducted in this study.

Descriptive Analysis

Descriptive analysis can be defined as a method of describing, displaying, organizing and explaining the characteristic of the sample in a tabular and graphic form to provide summarized measures (Johnson & Christensen, 2000). It helps in providing a summarization of data that have been analyze. The purpose of this study is descriptive or explanation study where it reveals the influence of college experience, family support and role model towards students' views on self-employment. The aim of descriptive analysis is to understand the demographic of the respondents such as gender, age group and programs of study.

Regression Analysis

The regressions were carried out to determine the independent variables as well as the contribution of these predictors: college experience, family support and role model on prediction to the students' views on

self-employment as dependent variable. This analysis does not refer to one technique, but it refers to the family techniques which can be used to test the relationship between two variables (Pallant, 2011). Thus, this analysis indirectly shows the correlation between college experience, family support, role model and students' views on self-employment.

The correlation between independent and dependent variables must be tested before the pursuit of the regression analysis. This is because regression analysis cannot be tested if there is no relationship between two variables. Cohen (1988) suggests that 0.10 to 0.29 correlations is considered weak, 0.30 to 0.49 is seen as a moderate relationship, while 0.5 and above is regarded as a strong relationship.

While, for the regression analysis, Gliner et al. (2009) suggested that the independent variable influences the dependent variable if the value is below the significant level of $p < 0.05$. Therefore, it indicates that there is no influence between independent and dependent variables if the value is above the significant value. The results for correlation and regression analysis are as below.

H1: College experience influences students' views on self-employment

Table 1 indicates there is a positive relationship between college experience and students' views on self-employment. This can be seen through the significant value (0.01) which is less than 0.05.

Table 1. The Correlation for College Experience (N=306)

| | | Students' views on self-employment |
|--------------------|---------------------|---|
| College Experience | Pearson Correlation | 0.461 |
| | Sig (2-Tailed) | 0.01 |

Correlation is significant at the 0.01 level (2-tailed)

Source: authors' calculation

Based on the Table 2, college experience significantly influenced the students' views on self-employment. This can be proven where the p-value (0.000) and the standardized coefficient is 0.461 ($B=0.461$). Therefore, H1 is supported.

Table 2. The Linear Regression for College Experience

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
|--------------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 2.004 | 0.185 | | 10.847 | 0.000 |
| College experience | 0.451 | 0.050 | 0.461 | 9.054 | 0.000 |

Dependent variable: Self-employment; R²: 0.212; F: 81.982

Source: authors' calculation

H2: Family support influences students' views on self-employment

According to Table 3, there is a positive relationship between the two variables (Sig. value less than 0.05).

Table 3. The Correlation for Family Support (N=306)

| | | Students' views on self-employment |
|----------------|---------------------|------------------------------------|
| Family Support | Pearson Correlation | 0.492 |
| | Sig (2-Tailed) | 0.01 |

Correlation is significant at the 0.01 level (2-tailed)

Source: authors' calculation

Based on the linear regression analysis on table 4, the p-value is 0.01. A standardized coefficient is 0.492. Thus, family support significantly influenced the students' views on self-employment and H2 is supported.

Table 4. The Linear Regression for Family Support

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
|----------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 2.154 | 0.155 | | 13.884 | 0.000 |
| Family support | 0.390 | 0.040 | 0.492 | 9.862 | 0.000 |

Dependent variable: Self-employment; R²: 0.242; F: 97.264

Source: authors' calculation

H3: Role model influences students' views on self-employment

According to Table 5, there is a positive relationship between the two variables (Sig. value less than 0.05).

Table 5. The Correlation for Role Model (N=306)

| | | Students' views on self-employment |
|------------|---------------------|---|
| Role Model | Pearson Correlation | 0.445 |
| | Sig (2-Tailed) | 0.01 |

Correlation is significant at the 0.01 level (2-tailed)

Source: authors' calculation

Thus, Table 6 shows role model influences students' views on self-employment. This can be seen through the p-value which is less than 0.05 (0.000) and the standardized coefficients is 0.445 ($B=0.445$). Hence, H3 is supported.

Table 6. The Linear Regression for Role Model

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
|--------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 2.448 | 0.138 | | 18.010 | 0.000 |
| Role model | 0.317 | 0.037 | 0.445 | 8.671 | 0.000 |

Dependent variable: Self-employment; R^2 : 0.198; F: 75.187

Source: authors' calculation

Researchers performed the multiple regression analysis in order to see the most influence of dependent variable towards dependent variables. Therefore, the result in Table 7 shows that, the F value is 43.006 and the significant value is 0.000 which is less than 0.05. Thus, this analysis shows that college experience, family support and role model are significantly influence students' views on self-employment.

Table 7. Multiple Regression analysis

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|--------------------|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 1.668 | 0.183 | | 9.101 | 0.000 |
| College experience | 0.213 | 0.061 | 0.217 | 3.460 | 0.001 |
| Family support | 0.195 | 0.055 | 0.246 | 3.536 | 0.000 |
| Role model | 0.125 | 0.045 | 0.176 | 2.751 | 0.006 |
| R Square = | 0.299 | | | | |
| ANOVA: F = | 43.006 | | | | |
| R = | 0.547 | | | | |

Source: authors' calculation

Finding and Discussion

College experience influences students' views on self-employment

The finding of this study shows that college experience influenced the students' views on self-employment. Therefore hypothesis one (H1) is supported since the significant value (p-value) for college experience is less than 0.05 referred to the multiple regression analysis. This finding is line with the study of Anderson (2011), who claimed that university environment may influence the students' life and their future development. This research found that the IKBN provide a proper learning and environment condition such as classrooms, libraries, laboratories and others (Pace, 1984). Shernoff et al. (2015) claimed that designing learning environments in order to promote interest, concentration, focus and intrinsic motivation is a worthy aspiration. Through this, it will affect their students experience, thus helps in strengthen the views of student to become self-employment. It is supported by Franke and Luthjie (2004), whereby they states that the assessable on the college environment might encourage student intention to become self-employed or entrepreneur. Therefore, college or university plays an important role in guiding students' future, which is by teaching them a good technical-skills lesson.

Family support influences students' views on self-employment

The finding of this study indicates that family support influenced the students' views on self-employment. Thus, hypothesis two (H2) is supported. Based on the regression analysis, family support was the most influenced on IKBN students' views on self-employment, where the value of standardized coefficients Beta for family support is higher than the other variables. This result is in line with the study by Ahmad Yasruddin, Nik Abdul Aziz and Nik Azyyati (2011) which also shows that the family support positively influence the entrepreneurial inclination. In the present case, the research indicates that family members of IKBN students encourage them to become self-employment or venture their own business. The research also found that the intention to become self-employed is high because most of IKBN student got supports from their family members. The support can be tangible or intangible. This finding is supported by the other scholar where the support from family members can be a moral support (Renzulli et al., 2000), early funding (Bygrave et al., 2003) and information and contacts (Steier, 2009). Though this support, it will motivate students to start up their own business or venture. This statement is correlated with the Taylor and Thorpe (2004) study where personal, family and peer influences can affect graduates' entrepreneurial motivation and career aspirations.

Role model influences students' views on self-employment

Role model has a significant influence on students' views to be self-employment. Therefore, hypothesis three (H3) is supported. The finding seemed to be similar with the result by Drennan, Kennedy and Renfrew (2005) which showed that students who have a role model prefer to become self-employed rather than the students who do not have a role model. From this study, it has been identified that some of the IKBN students have their own role model, thus it will motivate them in viewing themselves to become self-employment. Mueller (2004) found that the role model enhance students' views to be self-employment by providing encouraging to turn their views into reality. According to Bosma et al. (2012), the decision of the individual might be influence by others behavior or opinions. Therefore, the function of role model is to influence students to become like them.

Conclusion

The purpose of this study was to examine the influence factors of college experience, family support and role model towards students' views on self-employment. This study indirectly found that there is a significant relationship between the variables. The main findings in this study indicate that all the independent variables tested support the students' views on self-employment. Besides that, the research also found that family support is the most influential and plays an important role in sharpening students' views on self-employment. Hopefully, IKBN can produce more students to be self-employed after they finish their study and not just wait to be employed by others. Through this effort it can help in reducing the unemployment rate in Malaysia apart from bringing benefits to the economic growth of the country.

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THE INFLUENCE OF ENVIRONMENTAL SUPERVISORY AGENCIES ON ENVIRONMENTAL INFORMATION DISCLOSURE IN NIGERIA

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ABSTRACT. Purpose: - Environmental reporting based on triple bottom line (TBL) reporting consists of three basic elements of profit, people and planet depicting economic, social and environmental information respectively. Past studies have tend to examine the relationships between these three collectively and other variables, especially corporate characteristics. Of greater concern to environmentalists however, is the dissemination of environmental information, which has been greatly ignored. This study is, therefore, an attempt to examine exclusively the relationship between pure environmental information disclosure and environmental monitoring agencies. **Methodology:** - Using environmentally sensitive firms operating in Nigeria, the study employed content analysis and regression to determine the relationship covering the period 2009-2014. **Findings:** - It concluded that both significant positive and negative relationships exists between environmental reporting and monitoring agencies. **Research Implications:** - This shows that while Nigerian Stock Exchange contributes positively to environmental information disclosure, Department of Petroleum Resources and National Environmental Standards and Regulations Enforcement Agency are having a negative impact on environmental information dissemination. **Practical Implications:** - There is a clear indication that the Department of Petroleum Resources and National Environmental Standards and Regulations Enforcement Agency are inefficient/ineffective. **Originality/ Value:** - The lack of treating environmental information dissemination independently from other elements of sustainability is what this study

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capitalized on. Furthermore, studying the influence of environmental monitoring agencies (NSE, DPR and NESREA) on environmental reporting is mostly overlooked by scholars.

Keywords: environmental supervisory agencies, sustainable environmental information, Nigerian Stock Exchange

JEL Classification: M4

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Introduction

Ionel-Alin (2011b) posit that environmental reporting is 'one of the most important areas of development during the last 15 years as far as accounting is concerned ... generating interest beyond the restrictions imposed by purely academic discussions or the professional accountant community'. This has seen the convening of conferences and summits such as the Stockholm conference (1972), Rio de Janeiro Earth Summit (1992), Kyoto Protocol (1997), Johannesburg Summit (2002) and recently the Paris Climate Summit (2015) being held to tackle the rapid deterioration of climate and our environment. Because of its seriousness, the issue has attracted many researches in accounting especially as it affects corporate governance.

There has been studies on sustainability reporting and its relationships with corporate financial performance, ownership structure, board characteristics, industrial type, website or internet disclosure, quantity and quality of disclosure, etc. Yet these has not exhausted the concept of sustainability reporting. It is of interest to note that sustainability reporting standards as contained in Global Reporting Initiative (G4) could be categorized into four broad parts, which includes general information, economic information, environmental information and social information (Initiative, 2013). These have been collectively referred to as either

social reporting, environmental reporting, corporate social reporting, corporate social and environmental reporting, sustainability reporting or corporate social responsibility or nonfinancial reporting (Gray, 2001; Gray, Owen & Maunders, 1987; Othman & Ameer, 2009). Most studies have examined the relationship with the collective categories of sustainability reporting. That is, combining all four major categories of environmental reporting. A critical examination of the four categories shows that the general and economic disclosure standards have little to do with environmental issues. However, issues specified in Section 5 of G4 under environmental and social categories (Ph. 84-141) are the major sustainability issues (Initiative, 2013).

Most studies conducted in the past have ignored a direct relationship with either of these categories. In this study therefore, the monitoring role of environmental agencies as it affects disclosure by firms on environmental issues as stated in Section 5, Ph. 84-141 would be tackled. The main aim of this work therefore, is to evaluate the influence of environmental monitoring agencies in Nigeria on firms' disclosure of purely environmental issues. The choice of Nigeria for this study is that it is one of the African countries that demonstrates the political, social and economic consequences of environmental hazards. From the oil-rich southern parts to the semi-arid lands of the north, the country faces series of tribal, ethnic, religious, and communal clashes brought about by environmental issues. For instance, while in the northern part of the country, there are clashes between herdsmen and farmers in the southern part, there are serious upheavals between oil producing companies and local communities (Haggins & Frames, 2011). The focus will be on environmentally sensitive firms in the Nigerian economy for the period covering 2009-2014. Thus, two assertions would be tested and reported:

H₀₁ There is no direct relationship between environmental information disclosure and monitoring by the Nigerian Stock Exchange (NSE) of firms operating in the Nigerian economy.

H₀₂ There is no direct relationships between environmental information disclosures and monitoring by the Department of Petroleum Resources or National Environmental Standard and Regulations Enforcement Agency (DPR/NESREA) of firms operating in the Nigerian economy.

The significance of this is to enable stakeholders, like host communities, to know the level of environmental pollution (air, land and water) being made by firms and measures taken by environmental supervisory agencies to either prevent, mitigate, reduce, eliminate, eradicate or sanctioned defaulters. The paper has been divided into five sections each presenting a unique aspect of the research. In section one a general introduction into the background, objective, scope and significance of the study was given. Section two reviewed relevant literatures on environmental reporting as stipulated by Section 5 of G4 “environmental category”. The research design, framework, theory and model were discussed in section three. Analysis of data, finding of the study, implications and recommendations were explained and stated in the last two sections of the study.

Literature Review

The Concept of Environmental Reporting

Environmental reporting could be seen as the public disclosure by firms of their environmental performance information similar to the publication of the financial and economic performance information in annual financial reports, which encompasses the recognition, disclosure, and measurements of amounts and displays of environmental impacts (Johnson, 1993). It is of great importance to draw attention to the fact that environmental reporting is not currently on the Financial Accounting Standards Board (FASB) agenda (Johnson, 2016) nor is it recognized as mandatory in most developing countries like Nigeria. This makes it goes unnoticed by most firms operating in these developing economies. In developed economies (Britain, US, etc.) however, pressure from environmental rights groups like Green Peace Movement have forced mandatory disclosure of social and environmental information from firms operations.

Sustainability Disclosure Standards under G4 (Environmental Category Ph. 84-141)

GRI 4 (G4) could be categorized into four main parts. Each parts sets out special and unique standards on items to be disclosed. The four categories are:

1. General information
2. Economic information
3. Environmental information
4. Social information

The general information section is centered on information regarding a company's strategy, risks and opportunities. The profile of the organization is also disclosed in this section. Information like firm name, address, accounting year-end, restatement of financial reports and auditor firms are all contained in this section. Also found in this section are the mode of governance, commitment and engagements with regards to organizational structure, mission & vision, agreements, industrial membership and list of all stakeholders to a firm. Economic information covers issues on the flow of capital, economic impact of the organization on society and its impact on the economy. The environmental section deals mainly with issues like material used, energy consumed, effluents & wastes, biodiversity and environmental management processes. Finally, the social category, which is the biggest category, contains issues like firms' social policy, organizational responsibility, employment, firms' relationship with community, health & safety, training & education, human rights, privileges, products environmental impacts and environmental ethical codes.

"The environmental dimension of sustainability concerns the organization's impact on living and nonliving natural systems including land, air, water and ecosystems" (Initiative, 2013). It covers environmental impacts in relation to inputs and outputs like energy, water, emissions, effluents & wastes and biodiversity. Furthermore, aspects like transportation, products and other service-related impacts together with environmental compliance and expenditures are affected by environmental information disclosure (Initiative, 2013).

Critical Examination of Environmental Reporting Relationships

Studies in the areas of environmental reporting have touched so many issues and relationships with varying results. In the review some of these studies would be examine by analyzing the problems evaluated,

the objectives, methodologies used and the findings arrived at. Looking at corporate environmental disclosure by companies listed under Fortune Global-200 due to stakeholders' demand, Buniamin (2010), Jose and Lee (2007) and Tagesson, Blank, Broberg and Collins (2009); attempted to discover the type of information corporate bodies disclose on the website as it affects environmental management policies and practices using content analysis. It was discovered that there exists a positive correlation between corporate performance like firms' size and profitability and environmental disclosure and that government firms disclose more on environmental information than private firms (Tagesson *et al.*, 2009).

Firms environmental reporting and performance should be considered as strategic in policy formulation. The relationship between disclosure and firms' image and environmental management as an important tool of improved environmental management by developing countries stems from external pressure (Sumiani, Haslinda, & Lehman, 2007). Buniamin (2010), Cho & Roberts (2010), Moneva & Cuellar (2009), Spence (2007) and van Staden & Hooks (2007) examined the quality and extent of environmental disclosure by environmentally sensitive firms and found a positive and significant relationship based on the legitimacy theory. Firms with higher emission propensity disclose more than firms with lower emission propensity. The disclosure are valid as they rely on GRI disclosure that are more objective and verifiable (Buniamin, 2010; Cho & Roberts, 2010; Clarkson, Overall & Chapple, 2011).

In a study on the quantity and quality of environmental information disclosure, it was discovered that only 28% of companies listed in Bursa Malaysia include environmental information in their annual reports. To effectively manage the challenges of environmental disclosure companies need the two processes of sustainability reporting and low-carbon roadmaps (Caritte, Acha & Shah, 2015). The result showed a lack of consistency and transparency in corporate social reports of the United Kingdom food retailers. Another study of the association between environmental disclosure strategy and the tension of legitimacy discovered that environmental reporting by firms enhances the quality of analyzed information context, which enables better forecast (Cormier & Magnan, 2015). This tells a lot on the image of firms as it legitimize it in the eyes of stakeholders with no financial interest at stake. An evaluation of

financial and nonfinancial reporting by firms in the London Stock Exchange (FTSE100) related to environmental impact was conducted by Ionel-Alin (2011a). The outcome was an increasing trend in environmental disclosure. Furthermore, only 22 of the 48 companies reports on environmental performance indicators specified by GRI.

Environmental disclosure is a response to social pressures created around the time of these initiatives (Loh, Deegan & Inglis, 2015). With over 1,500 corporate reports published between 1997 and 2008, the comparison of corporate reporting and environmental news content shows that the two mirror each other (Pollach, 2014). For some issues however, media news may impact corporate environmental agenda, but not the opposite. A significant but inverse relationship exists between environmental reporting and corporate characteristics (Smith et al., 2007). Spence (2007) explore the reproduction of capitalist discourse through environmental reporting and its implications. The research discovered that both capitalist discourse and environmental reporting are driven by numerous motivations.

Environmental studies tried to emphasize environmental practices as a medium of communicating corporate accountability with the aim of strengthening organization-stakeholders association (Yusoff & Darus, 2012). Of the 141 responses received from their survey, 22% practice some form of environmental reporting. Results indicate that corporate CEOs have embark upon a positive step in environmental implementation by providing various means of reporting, identifying and engaging stakeholders. The overall advantage to firms is an improved public image and accountability geared towards meeting stakeholders demands. Most of the studies employed secondary data in their research (Buniamin, 2010; Clarkson *et al.*, 2011; Jose & Lee, 2007; Tagesson *et al.*, 2009; van Staden & Hooks, 2007). That of Spence (2009) however, used primary data. While the work of Cho & Roberts (2010) and Clarkson *et al.* (2011) were based on GRI disclosure standards Sumiani *et al.* (2007) used ISO14001.

It is worth noting that environmental studies especially those mentioned above touches lots of areas. Results from these researches have been mixed depicting positive, inverse, significant and insignificant relationships. However, while the majority of studies have applied sustainability reporting in its totality, there are hardly studies that

specializes on either all or one elements of sustainability (social and/or environmental disclosures). Thus, this practice leaves behind a gap, which the current research hope to exploit. Moreover, in most economies nowadays there are public agencies charged with the responsibility of ensuring compliance with laid down standards, rules and regulations on sustainability reporting. In Nigeria, the Ministry of Environment (MOE), NESREA, DPR, Forestry Belt and of recent the NSE; have all been granted authority to monitor or supervise environmental matters each with its area of jurisdiction. It is therefore, pertinent to analyze the significant (if any) of any relationship that exists between these agencies and environmental materials, that threatens land, air and water purity. This study provides the opportunity to examine such relationships.

Research Methodology

The research used secondary data in the form of published annual financial reports, triple bottom line reports, sustainability reports and reports on the website or internet. The survey was conducted on environmentally sensitive firms operating in the Nigerian economy during the periods 2009-2014. The total population of these was 81 companies. The sample size was about 83% of the population, which gives 67 companies, and were analyzed for a six-year period (2009-2014). Selection of firms was stratified random with firms been categorize into industries or sectors before being selected at random.

The 67 firms for six-years gave an observation of 402. Data screening resulted in the elimination of 13 observations and the total observation stood at 389. Skewness and Kurtosis tests showed that all data in the distribution were normal as none exceeded the acceptable values of ± 2 for skewness and 10 for kurtosis (Table 1).

Regression tool of Stata13 was applied in analyzing the data for impact, significance, relationships and level of disclosures. The dependent variable of environmental reporting constituted one of the three major items specified by the GRI (G4) disclosure standard in Section 5 "Environmental Category". Items to be disclosed under this were classified into materials used, energy consumed, effluents & wastes, biodiversity and emissions.

For each disclosure 1 score was awarded while for nondisclosure 0 score was awarded. The average is given by the simple average disclosure index (sadi) which represents the measurement of environmental disclosure.

Table 1. Normality of Data

| Variables | Skewness ($\leq \pm 2$) | Kurtosis (≤ 10) |
|--|---|--|
| Materials Used | -2.18594 | 5.77833 |
| Energy Used | -0.59545 | 1.35456 |
| Effluents & wastes | 1.19074 | 2.41787 |
| Biodiversity | 1.36238 | 2.85608 |
| Environmental Management Department | 0.86887 | 1.75493 |
| Simple Average Disclosure Index | 0.39549 | 2.10720 |
| NSE | 1.31461 | 3.30257 |
| DPR/NESREA | 0.29503 | 1.79198 |
| Industrial Type | -0.41481 | 1.17207 |

Source: Computed by the authors using Stata13

For the independent variables, a mean value index (MVI) was used to measure the performance of environmental policy administrators. This index is an average of the measure of compliance by firms with environmental rules, regulations and standards attracting scores of 0 and 1 for noncompliance and compliance respectively by affected firms. This instrument, which is an evidence-based policy survey, maximizes the use of best quality research to inform policy driven decision-making, which, is valuable for evidence-based policy activities (Lancaster, 2014). There is also a control variable (industrial type) which determines the intensity of environmental sensitivity. Highly sensitive industries are scored 1 and lowly sensitive ones are scored 0.

The framework was built on the relationship between environmental reporting and environmental monitoring agencies in Nigeria (NSE and DPR/NESREA). The underpinning theory of the study is the institutional theory, which explains that companies will put in place organizational structures and embark on operation practices and policies due to societal and powerful stakeholders' pressure on a particular organization (Loh *et al.*, 2015). Thus, the relationship is depicted by the following relation:

ER f (environmental policy administrators)

$$ER_{it} = \alpha + \beta_1 NSE + \beta_2 DPR/NESREA + IT + \varepsilon \quad (i)$$

where:

| | |
|------------------|---|
| ER _{it} | = environmental reporting |
| α | = constant term |
| ε | = error term |
| β | = coefficient |
| NSE | = Nigerian stock exchange |
| DPR | = department of petroleum resources |
| NESREA | = national environmental standards and regulations enforcement agency |
| IT | = industrial type |

4 Results and Discussion

Data analysis involves the statistical evaluation of a dataset to give meaning to the result. The analysis of this study determines the means, deviation from the mean, minimum and maximum values, correlation matrix and its significance, the overall significance of the relationships and the impact of the predictor variables on the dependent variable, the type of relationship and the level of individual significance of all the variables of the research. These are the basic items that were interpreted and their implications recorded.

The descriptive statistics gives a summary of the analyzed data that touches on the average rate of disclosure or compliance and the highest and lowest values recorded. Results on Table 2 shows results for the dependent variable (sadi) and items that constituted it together with the independent and control variables (NSE, DPR/NESREA and industrial type).

Dependent Variables Items

These items together constituted the average rate of environmental disclosure. The five of them include material used, energy consumed, effluents & wastes, biodiversity and environmental management department

(EMD). On average, there was a disclosure rate of 86.89% on materials used and that of energy consumed was 64.27%. These two disclosures, which are mainly inputs, recorded very good environmental rates as their disclosure exceeded 50%. For effluents & wastes however, disclosure rate was 24.42% while that of biodiversity and EMD were 21.85% and 30.08% respectively. This shows that disclosures on these three items was very poor as they all fell below average (50%). This happens in the face of an excellent disclosure on input elements (material used and energy consumed); whose joint environmental disclosure rate gives an average of 75.58%.

The average disclosure rates for output pollutants like effluents & wastes, biodiversity, and EMD was 25.45%. This wide range in disclosure rate between the two could be due to the importance attached to material used and energy consumed in the production process. The two are not only direct costs that can be easily traced to the product being billed and reported, but backed by the sensitivity of energy consumption in Nigeria due to poor electricity energy supply. As such organizations are very conscious of these costs, thus record them fully as they are borne directly by the company.

The standard deviation results shows that distribution in the dataset was even as all the standard deviation indices were below zero (0). The record also shows that in as much as firms recorded zero disclosure, there were also 100% disclosure as could be seen from the minimum and maximum values recorded (Table 2).

Table 2. Descriptive Statistics

| Variables | Mean | Std. Dev. | Minimum Value | Maximum Value |
|---|---------------|------------------|----------------------|----------------------|
| Material used | 0.8689 | 0.3380 | 0.0000 | 1.0000 |
| Energy consumed | 0.6427 | 0.4798 | 0.0000 | 1.0000 |
| Effluents & wastes & wastes & wastes | 0.2442 | 0.4302 | 0.0000 | 1.0000 |
| Biodiversity | 0.2185 | 0.4138 | 0.0000 | 1.0000 |
| Environmental management department (EMD) | 0.3008 | 0.4592 | 0.0000 | 1.0000 |
| Simple average disclosure index | 0.4550 | 0.3152 | 0.0000 | 1.0000 |
| NSE | 0.6093 | 0.0206 | 0.5818 | 0.6545 |
| DPR/NESREA | 0.4942 | 0.0957 | 0.3832 | 0.6664 |

Source: Computed by authors using Stata13

Simple Average Disclosure Index

This index represents the average disclosure rate of total environmental items. It shows the level of disclosure by environmentally sensitive firms of environmental information. The mean disclosure was 45.50%, which, though not that poor is below average (50%). It means that average disclosure on environmental items is below average. With a deviation from the mean of ± 0.3152 , it shows data distribution within the dataset or observation were even. The level of disclosure reported may be subject to different interpretations depending on the perspective of either mandatory or voluntary disclosures. The fact that environmental reporting in Nigeria is voluntary shows that the rate of 45.50% disclosure rate is good. This could be regarded as very poor under mandatory environmental disclosure. Minimum disclosures of 0 and maximum disclosures of 100% were also recorded by firms within the industries (Table 2).

Predictor Variables

For the two predictor variables of the research, the result shows that firms' compliance with NSE monitoring was at 60.93% level while that of DPR/NESREA was 49.42% (Table 2). The two gives an average rate of disclosure on compliance of 55.18%. On individual basis, NSE rate is very encouraging as it gives an indication of the efficiency and effectiveness of the NSE's monitoring operations thus leading to a higher level of disclosure. DPR/NESREA is also not that bad as the disclosure rate shows that a high level of monitoring is being carried out. Data within the distribution were even as indicated by the indices of both NSE and DPR/NESREA (0.0206 and 0.0957 respectively).

It should be noted that neither the minimum and maximum values shows that firms in the economy recorded the lowest nor the highest rates of compliance for these two environmental monitoring agencies. The NSE recorded a minimum disclosure value of 58.18%, while DPR/NESREA recorded a minimum disclosure value of 38.32% (Table 2). This shows that monitoring by environmental agencies yielded at least some results, as none of the firms could claim not feeling the supervisory impact of these agencies. On other hand, NSE's record shows 65.45% and that of DPR/NESREA shows 66.64% highest compliance

rates. The implication is that there were no extreme firms in terms of compliance with environmental agencies' monitoring role. That is, firms that complied 100% with environmental disclosure standards.

Correlation Matrix

The correlation matrix index on Table 3 is an indication of the existence of the strength, direction and significance of any relationship between the variables. Overall the correlations indices shows that a relationship exists between all the variables as none of the indices between the variables is 0% nor are there any perfect relationship between variables (100% index). The relationships were however, very weak as the highest matrix reads 0.1642 which is between the NSE and DPR/NESREA. Furthermore, there were no cases of collinearity among the predictor variables since none of the indices attained 80% or 90% value. The implication of this result is that except for the weak relationship the dataset in the observations are perfect.

Table 3. Correlation Matrix

| Variables | sadi | nse | dprnesrea | Ind. type |
|------------------|-------------|------------|------------------|------------------|
| sadi | 1.0000 | | | |
| nse | 0.1636* | 1.0000 | | |
| Dprnesrea | -0.1461* | 0.1642* | 1.0000 | |
| Ind. type | -0.1046* | -0.0759 | 0.0652 | 1.0000 |

Source: Computed by authors using Stata13

The relationship between environmental information disclosures (sadi) and the NSE and DPR/NESREA are direct and inverse respectively. This implies that positive or negative changes in NSE monitoring leads to positive or negative changes in environmental reporting. On the other hand, an increase in DPR/NESREA monitoring could lead to a fall in environmental information disclosure vice versa, because of the inverse relationship. This is an indication of the inefficiency of DPR/NESREA as their impacts on firms is negative. However, reduced monitoring by these agencies (DPR/NESREA) could lead to higher disclosure of environmental information. A critical look at the significance of the relationships shows that all but two of the relationships between the variables are highly

significant. The only non-significant ones are those between the NSE and industrial type (13.52%) and between DPR/NESREA and industrial type (19.96%).

Regression Analysis

The regression analysis gives results for the collective impact of NSE and DPR/NESREA on environmental reporting, its significance, the rate of change between the predictor variables and environmental reporting and their individual significance.

Table 4. Regression Results

| | | | |
|----------------|--------------------|----------------|----------------|
| f-value | | | 0.0000 |
| R ² | | | 0.0638 |
| Sadi | Coefficient | t-value | p-value |
| NSE | 2.8482 | 3.70 | 0.0000 |
| DPR/NESREA | -0.5647 | -3.42 | 0.0010 |

Source: Computed by authors using Stata13

From Table 4, the f-value of 0 is an indication of a very high collective significant relationship (at 1% level of significance), between environmental reporting and monitoring by NSE and DPR/NESREA. Their combined impact on environmental disclosure (R²) is 6.38%. On individual basis however, for every one unit of increase or decrease in NSE monitoring, environmental disclosure will rise or fall by 2.8482 times. On the other hand, a rise or fall in monitoring by DPR/NESREA by one unit could lead to a decrease or an increase in environmental reporting by firms due to the inverse relationship between them. Both relationships are on individual basis, highly significant at 1% level of significance. Thus, the conclusion to be drawn from Table 4 is to either support or reject the assertions of this study as reproduced below:

H₀₁ There are no significant relationships between environmental information disclosure and the Nigerian Stock Exchange (NSE) by firms listed in the NSE.

H₀₂ There are no significant relationships between environmental information disclosures and the Department of Petroleum Resources/ National Environmental Standard and Regulations Enforcement Agency (DPR/NESREA) by firms listed in the NSE.

Since the result shows that both values are highly significant at 1% level of significance, we reject these null hypotheses. Rather the conclusions to be drawn are that:

a. A direct positive and significant relationship exists between environmental reporting and NSE monitoring by listed firms in the Nigerian economy.

b. An inverse and significant relationship exists between environmental reporting and DPR/NESREA monitoring by listed firms in the Nigerian economy.

Table 5 gives a summary of the major findings:

Table 5. Test of Hypothesis

| Hypothesis | Relationships | Findings |
|-------------------|-------------------------------------|---------------------|
| H ₀₁ | <i>Sadi and NSE monitoring role</i> | (+) and significant |
| H ₀₂ | Sadi and DPR/NESREA monitoring role | (-) and significant |

Source: Computed by authors using Stata13

Conclusion

Summary of the Research

Most studies have ignored evaluating a direct relationship with the individual elements that constitutes sustainability reporting. This research therefore, is an attempt to examine the monitoring role of environmental agencies as it affects disclosure by firms on environmental issues as stated in Section 5, Ph. 84-141, with the aim of evaluating the influence of environmental monitoring agencies in Nigeria on firms' disclosure on purely environmental issues. The focus was on environmentally sensitive firms listed in the NSE in the economy for the period covering 2009-2014. A review of relevant literatures shows that 12 Aspects are sub-categorize under "environmental category" in the G4 sustainability disclosure standards. Each sub-category has its unique items to be disclosed. Using a sample size of 67 firms, the dataset was analyzed through Stata13.

Findings and Major Contributions

From the analysis of data, the following findings could be outlined:

1. Input items (materials used and energy consumed) were highly disclosed at an average disclosure rate of 75.50%. Conversely, disclosures on output elements (effluents & wastes, biodiversity and EMD) were very poor at an average disclosure rate of 25.45%. This shows that environmental pollution is not properly accounted for.

2. The average environmental disclosure was also below par (50%). The 45.50% disclosure made is only encouraging when one considers the fact that Nigeria practices voluntary disclosure.

3. The rate of compliance with environmental monitoring agencies by firms is mixed. While the NSE have higher rate (60.93%), the DPR/NESREA have a lower rate (49.42%).

4. There is a direct and significant relationship between environmental reporting and the NSE. Alternatively, an inverse and significant relationship is found between environmental reporting and DPR/NESREA showing that this agency is inefficient and ineffective.

5. A highly collective significant relationship (at 1% level of significance), exists between environmental reporting and monitoring agencies.

6. Finally, the total impact of environmental supervisory agencies (NSE and DPR/NESREA) on environmental information disclosure is very weak standing at 6.38%.

Recommendations

Due to the poor disclosure shown by firms in the sector on output pollutant the environmental agencies concerned should intensify monitoring of firms' environmental disclosure to ensure higher compliance with local as well as international environmental standards and regulations. The discovery that firms disclose more of input information than output ones is an indication of concealing the real degree of environmental pollution. The authorities should therefore, be more vigilant in their supervision and ensure strict compliance with environmental disclosure standards.

Environmental disclosure should be given the same status with financial disclosure by making it mandatory for firms operating in the Nigerian economy, to forcefully embark on it. Laws and statutes should be promulgated to ensure this. It could assist greatly in elevating environmental disclosure to a higher level.

Compliance with DPR/NESREA rules and regulation is very poor and have negative impact on environmental disclosure. The authorities should therefore, reorganize and restructure these organizations together with formulating friendly and effective environmental policies that will have positive impact on environmental disclosure. It should be noted that the discoveries shows that a significant relationship exists between environmental disclosure and DPR/NESREA supervisory role. This significant influence must be maintained.

The resultant impact of 6.38% of the environmental agencies on environmental disclosure is very low (below 50%). The authorities should therefore act to boost this impact to a higher level. The higher the impact, the more effective and efficient the monitoring by environmental agencies.

Limitations and Further Studies

As earlier mentioned triple bottom line (TBL) reporting constituted three major elements: economic, social and environmental aspects. This study was exclusively for the environmental aspect. Further studies are recommended on the relationship between environmental monitoring agencies and either the economic or social performance of organizations in the Nigerian or any other economy.

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Appendix

Major Aspects of G4 Environmental Disclosure

The G4 standard provided 12 Aspects of items on which disclosure is to be made. The Aspect in each sub-category shows the specific items to be disclosed under it. Starting from the first sub-category, the main items of information to be disclose are given below.

1. Material Aspect:
 - Materials used
 - Recycled input materials
2. Energy Aspect:
 - Energy consumed inside the organization
 - Energy consumed outside the organization
 - Energy intensity ratio
 - Energy reduction
3. Water Aspect
 - Water withdrawal
 - Water sources affected
 - Recycled and reused water
4. Biodiversity Aspect:
 - Areas of high biodiversity value
 - Impact of companies operations on biodiversity
 - Habitats protected and restored
 - Total number of species within habitat in areas of operation.
5. Emissions Aspect: - this aspect involves indicators of greenhouse gasses (GHG) emissions as well as ozone-depleting substances like nitrogen dioxide, sulphur dioxide, hydrogen dioxide, carbon dioxide and other important air emissions.
 - GHG emissions
 - Energy indirect GHG emissions
 - Other indirect GHG emissions
 - GHG emission intensity ratio
 - Reduction of GHG emissions
 - Emission of ozone-depleting substances
 - Nitrogen dioxide, sulphur dioxide, carbon dioxide and other significant air emissions

6. Effluents & Wastes Aspects:
 - Total water discharge by quality and destination
 - Total weight of waste by type and disposal
 - Total and volume of significant spills
 - Weight of hazardous wastes under the terms of the Basel Convention
 - Identify biodiversity value and related habitat affected by firms operation
7. Product and Services Aspect:
 - Extent of products and services environmental impact
 - Percentage of products sold and their reclaimed packaging materials
8. Complain Aspect:
 - Monetary value of fines
 - Total number of non-monetary sanctions for non-compliance with environmental laws and regulations
9. Transport Aspect:
 - Environmental impact of transporting workers from organization's operation
 - Environmental impact of transporting products from organization's operation
 - Environmental impact of transporting goods from organization's operation
 - Environmental impact of transporting other materials from organization's operation
10. Overall Aspect:
 - Total environmental protection expenditures by type
 - Total environmental protection investments by type
11. Supplier Environmental Assessment Aspect:
 - Percentage of suppliers screened using environmental criteria
 - Important actual and potential negative environmental impacts in the supply chain and actions taken
12. Environmental Grievance Mechanism Aspect:
 - Total number of grievances about environmental impacts filed
 - Total number of grievances about environmental impacts addressed and resolved through formal grievance mechanism.

INFLUENCE OF TRANSFORMATIONAL LEADERSHIP ON KNOWLEDGE HIDING: MEDIATING ROLE OF ORGANIZATIONAL PSYCHOLOGICAL OWNERSHIP: A PROPOSED FRAMEWORK

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ABSTRACT. Purpose: Research on knowledge hiding behavior among employees in organizational is still in its infancy and remains scarce despite its prevalence and negative impact as reported by previous studies. Some of the possible suggested antecedents of knowledge hiding studied include trust, job characteristic, organizational culture, and work environment. Despite these studies, few have attempted to investigate the influence of transformational leadership on knowledge hiding behavior. Furthermore, the mechanisms through which transformational leadership influences on knowledge hiding behavior in organizations are not adequately investigated. Therefore, mediator variable is proposed. **Findings:** Based on transformational leadership theory and psychological ownership theory, this paper proposes that the relationship between transformational leadership and knowledge hiding behavior of employees in the organization could be mediated by organizational psychological ownership. **Implications:** Thereby the organization would contain employees that are motivated and behave positively towards organizational performance.

Keywords: Transformational leadership, organizational psychological Ownership, knowledge-based psychological ownership

JEL Classification: D23

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Introduction

Research on knowledge management has received more attention from the scholars and practitioners in these days. This is the result of its positive impact on organizational performance (Alegre, Sengupta, & Lapedra, 2011; Emadzade, Mashayekhi, & Abdar, 2012). Hence, it encourages creativity and innovations in the organization (Nonaka & Lewin, 2010; Saulais & Ermine, 2012; Sigala & Chalkiti, 2015). Knowledge management contributes to the achievement of organizational competitive advantage (Meihami & Meihami, 2014; Rahimli, 2012). However, emphases were mostly on the influence of knowledge sharing on organizational progress, performance and competitive gain (Baytok, Kurt, & Zorlu, 2014; Du, Ai, & Ren, 2007; Hsu, 2008). Knowledge sharing is defined as “interpersonal interactions involving communicating as well as receiving knowledge from others, in line with the idea that human interactions are the primary sources of knowledge transfer” (Argote & Ingram, 2000, p. 156). Besides the efforts of the organizations to encourage knowledge sharing or transfer among coworkers, knowledge hiding has become prevalent among organizational members (Babcock, 2004; Connelly et al., 2012; Peng, 2013).

Despite its prevalence and negative impacts on the organization, (Connelly & Zweig, 2015; Connelly et al., 2012; Peng, 2013), little attention has been given to the employees knowledge hiding behavior in the organization. Knowledge hiding is defined as "intentional concealment or withholding of knowledge requested by a member of employees in the organization" (Connelly et al., 2012 p. 65). In a survey conducted in the USA, it was reported that 76 percent of respondents agreed they have once engaged in knowledge hiding (Connelly et al., 2012). Similarly, another survey conducted in China, 46 percent of respondents reported they once involved in knowledge hiding behavior in their work settings (Peng,

2013). It was also reported by Fortune that 500 companies have lost \$31.5bn as a result of knowledge hiding (Babcock, 2004 cited in Nerstad, 2014).

Several factors have been suggested for why the employees hide knowledge. To date some of the extant empirical factors on the antecedents of knowledge hiding studied focused on distrust, knowledge complexity, task-relatedness, and knowledge sharing climate (Connelly et al., 2012, Webster et al., 2008), organizational culture (Webster et al., 2008), territoriality and psychological ownership (Peng, 2013), work environment and personality (Demirkasimoglu, 2015; Nerstad, 2014; Webster et al., 2008), goal interdependence (Lam & Bavik, 2015), competition and time (Connelly et al., 2009), knowledge complexity (Pan & Zhang, 2014) and also as a result of laziness, prosocial and instrumental (Webster et al., 2008). Previous studies on knowledge hiding also indicate that the time spent in searching for information or knowledge is costly to the organization (Feldman, 2004), and also affects organizational members from generating creative ideas (Nerstad, 2014). Despite the aforementioned empirical studies, there is a paucity of empirical research linking transformational leadership to knowledge hiding. Hence, this represents a major theoretical gap in the literature.

To address this issue, the present paper suggests that transformational leadership may be a relevant consideration in minimizing the tendency of an employee to hide knowledge at work (Ahmad, 2010; Akpotu and Tamunosiki-Amadi, 2013; Avey, 2011; Bass, 1995). Transformational leadership inspired employees to "commit to a shared vision and goals and also encouraged them to be an innovator, solve the problem and develop their followers to leadership level through coaching, mentoring, and provision of supports (Bass, 2006). However, as mentioned earlier, few studies investigated the influence of transformational leadership on knowledge hiding or withholding. This neglect is unfortunate because, to some extent, transformational leaders influence employee's decisions whether to engage in knowledge hiding or not (Avolio, Zhu, Koh, & Bhatia, 2004).

From a theoretical perspective, previous studies have employed different theories in explaining the underlying causes of knowledge hiding at work. For example, social learning theory (Bandura, 1977), social

exchange theory (Blau, 1964), leader-member-exchange theory (LMX) (Gerstner & Day, 1997). There are fewer studies applying transformational leadership theory (Bass, 1985) to assess the influence of transformational leadership on knowledge hiding relationship.

The purpose of this paper is to build a theoretical framework on the mediation effect of organizational psychological ownership on transformational leadership and knowledge hiding behavior relationship. This study contributes to the body of knowledge by informing the influence of a transformational leadership and organizational psychological ownership on knowledge hiding behavior among employees. Organizations that adopt a transformational leadership style will overcome some dysfunctional behavior among workers.

Transformational Leadership

Transformational leadership is defined as a “process by which leaders motivate their employees to do more than initially expected level and to transcend followers’ individual interests in order to accomplish a collective goal” (Bass, 1985 p. 55). Transformational leadership is also a process in which “leaders and followers raise one another to higher levels of morality and motivation” (Burns, 1978 p. 20). Transformational leadership also refers to the leaders that move their followers beyond immediate self-interests through idealized influence, inspiration, intellectual stimulation, or individualized consideration. Indeed the ability to develop the needs of the followers is the main focus of a transformational leadership in organizations. Transformational leaders help followers to consider the goals and values of the organization above their own (Hyypi, & Parjanen, 2013; Shamir, House, & Arthur, 1993). Furthermore, transformational leadership empowered the followers to be agents of change and also perform beyond what is expected (Bass, 1999a; Bass, 1985).

Bass, (1985) identified four structures of transformational leadership in which followers were motivated to put more efforts in their performance. These include intellectual stimulation, charisma, inspirational motivation, and individual consideration. Followers are developed by transformational leaders through coaching, personal attention,

training and mentoring. Transformational leaders are also considered as the role model to their followers through rationality, proper problem solving and communication. Furthermore, transformational leadership increases motivation, morale, and performance of the followers through a variety of processes. These are done through bringing the follower's sense of identity, committed to the mission and the collective organization identity. Similarly, transformational leader is a role model for the followers that inspire, challenging them to take greater ownership of their work, and also understand the strengths and weaknesses of the followers, so that the leader can assist the followers with tasks that improve their performance (Avolio et al., 2004; Balgobind, 2002; Bass, 1990; Givens, 2008). Furthermore, transformational leaders exhibit behaviors that move their followers above cost-benefit relationship that characterized transactional leadership style (Judge & Piccolo, 2004).

Unlike charismatic leader, transformational leaders are intellectually stimulating and help followers in coaching, personal attention, problem-solving and mentoring to make rational thinking (Bass, 1999b). They encourage the follower to consider the goals and value of organization before their own (Judge & Piccolo, 2004). Additionally, transformational leaders also bring into their followers a higher salience of the collective identity in their self-concept, sense of consistency between their self-concept and their actions on behalf of the leader, level of self-esteem and a greater sense of self-worth, the similarity between their self-concept and their perception of the leader, sense of collective efficacy, and sense of "meaningfulness" in their work and lives (Shamir et al., 1993). This indicates that transformational leader influences an individual member of an organization to behave in a possible way to achieve organizational goal and objectives rather than their own. Previous studies have shown several positive influences of transformational leadership.

In China, for instance, a study conducted to examine the mediating and moderating influence of relational identification of the followers and creativity expectation of the leader on the sample of 420 followers. The study found that there is positive relationship between transformational leadership and follower creativity and the mediator and moderator are also valid (Qu, Janssen, & Shi, 2015). A research commissioned in South Korea on the influence of transformational leadership on knowledge

sharing intention of among 426 employees through mediating effects of organizational commitment and empowerment reveals a direct and significant influence of transformational leadership on empowerment and organizational commitment and indirect effect on employees' knowledge sharing intention (Han, Seo, Li, & Yoon, 2015).

In addition, Liang, Chang, Ko, & Lin, (2017) investigate the influence of transformational leadership on employee voice behavior mediated by relational identification and work –engagement among 251 employees of hospital industries in Taiwan. The result of the study revealed that transformational leadership is significantly related to relational identification, employee voice behavior and mediated by relational identification and employee work engagement. This suggests that transformational leadership has an influence on employee relational identification and voice behavior. Furthermore, Alos-Simo, Verdu-Jover, and Gomez-Gras, (2017), conducted an empirical study on the influence of transformational leadership on e-business through adaptive culture. It was revealed that transformational leadership is significantly and positively related to e-business adoption through adaptive culture. In another study conducted by Wang, Demerouti, and Le Blanc, (2017) to investigate the relationship between transformational leadership and job crafting among 150 employees. Using structural equation modeling, it was found that transformational leadership relates to job craft of employees.

Besides these studies, Aydogmus, Metin Camgoz, Ergeneli, and Tayfur Ekmekci, (2016), examined the link between perceived transformational leadership and employee job satisfaction mediated by psychological empowerment among 223 employees in information technology company. The study found that psychological empowerment mediates the transformational leadership and employee job satisfaction relationship. In a study conducted by Nguyen, Mia, Winata, and Chong, (2017) examining the influence of transformational leadership and management control system on the reward and performance of employees. The finding of the study reveals that transformational leadership is significantly and positively related to managerial performance but not significant to reward system. In sum, transformational leadership encourages their followers to be more innovative and creative (Hyypiä & Parjanen, 2013; Malik & Awan, 2016).

Knowledge Hiding

According to Davenport and Prusak (1998, p. 5), Knowledge is “a fluid mix of framed experience, values, contextual information, and expert insights that provide a framework for evaluating and incorporating new experiences and information”. It is a justified belief for increasing capability of organizational acting performance (Nonaka, 1994) Knowledge hiding is defined as the "withholding or concealing of relevant information or knowledge, ideas, and know-how requested by the colleague at the workplace" (Connelly et al., 2012, p. 65). Knowledge hiding also implies that an individual gives less information to contributing to organizational knowledge (Demirkasimoglu, 2015; Lam & Bavik, 2015; Lin & Huang, 2010). Furthermore, knowledge hiding may cause harm to the collaborations in an organization, developing new ideas, or policies implementation and procedures, and usually a negative perspective on an individual's knowledge contribution in most workplaces (Gkoulalas-Divanis & Verykios, 2009; Kang, 2014; Nerstad, 2014; Zhao, Qingxia, He, Sheard, & Wan, 2016).

In contrast, knowledge hiding may be positive in some cases, for example, protecting the organization private right (Connelly et al., 2012; Peng, 2013). In addition, Knowledge hiding is not considered to be opposite to knowledge sharing, but they are related and distinct constructs (Connelly et al., 2012; Connelly & Zweig, 2015; Demirkasimoglu, 2015; Peng, 2013). Furthermore, unlike knowledge hiding, knowledge hoarding is the accumulation of knowledge that are not requested for by the knowledge seeker and is not necessarily intentional (Connelly et al., 2012; Webster et al., 2008).

Knowledge hiding antecedents were classified into four: individual factors, organizational factors, job-related factors and environmental factors (Connelly et al., 2012; Connelly & Zweig, 2015; Demirkasimoglu, 2015; Webster et al., 2008). Individual factors are the factors such as personality characteristic, demographic characteristic (age, gender, marital position), attitude, and values that influence employees to hide knowledge (Demirkasimoglu, 2015; Tang et al., 2015). Organizational factors are those situational factors within the organization such as organizational culture, organizational justice, organizational politics and organizational trust that influences an employee to engage in knowledge hiding (Connelly et al., 2012; Peng, 2013). Job-related factors refer to

factors related to job satisfaction, job security, job description and job stress (Lam & Bavik, 2015). Similarly, other related factors include, knowledge complexity which explain how complex the knowledge requested, task-related of knowledge, perception of distrust between or among the employee requesting for the knowledge, that is, where the employees have no confidence or trust in one another can lead to intention to withhold knowledge, knowledge sharing environment and psychological ownership of the knowledge which indicate the level of feelings for the possession or ownership of the knowledge.

According to Connelly et al. (2012), knowledge hiding comprises of three elements; rationalized hiding, evasive hiding, and playing dumb. Evasive hiding is a situation where knowledge hider provides misleading or incorrect information and promises to complete the answer which he/she is not intended to provide. Rationalizes hiding is where the knowledge hider provides justification for not able to sharing the knowledge requested by the co-worker and transferring the blame the third party, for example, the information is a classified and not allowed to the third party. Another dimension of knowledge hiding is playing dumb. This makes the hider of the knowledge "pretends to be ignorant of the relevant knowledge requested by a member" e.g. I don't know about the request knowledge (Connelly et al., 2012). Previous studies argued that even though an explanation may be given for not providing the knowledge requested, it could be obvious that the knowledge is intentionally hidden; which could also be a deceptive act (Connelly et al., 2012; Demirkasimoglu, 2015; Tang et al., 2015). According to Fleming and Zyglidopoulos (2008), where a deception is not detected at an early stage, its severity and pervasiveness will increase and become an organizational phenomenon. Knowledge hiding leads to poor productivity and organizational failure.

Transformational Leadership Theory

The theory explained that transformational leaders empowered their followers by making them to involve individual and be focused on the quality, service, cost-effective, and increase quantity of output of production and job satisfaction (Bass, 1999b). Studies also shows that

leadership has influence on individual employee behavior and attitude (Bass, 1990; Bass & Riggio, 2006; Shamir et al., 1993). Transformational leadership stimulate individual intellectually, through personal attention, coaching, and mentoring in facilitating problem solving and rational thinking. It also encouraged followers to consider the goals and objectives of organization before their own (Shamir et al., 1993). Transformational leadership is a leadership approach that causes change in individuals and social systems. Transformational leadership creates valuable and positive change in the followers with the end goal of developing followers into future (Avolio et al., 2004; Bass, 1995).

Regarding transformational leadership and knowledge hiding, previous studies revealed positive impact of transformational leaders for encouraging knowledge sharing within the organization among the followers (Akpotu & Tamunosiki-Amadi, 2013; Bryant, 2003a). Transformational leadership also influence followers to be creative and innovative that improved the performance of organization (Bryant, 2003b). Despite the mentioned influences of transformational leadership on various knowledge management factors, it is also established that there is prevalence of knowledge hiding among employees in organizations (Connelly et al., 2012; Connelly & Zweig, 2015; Peng, 2013).

In contrast, since knowledge hiding leads to lack of creativity and innovation, and also has negative impact on performance oriented climate, and including interpersonal relationship (Connelly & Zweig, 2015; Nerstad, 2014), it can then be logically argue that transformational leader will not encourage followers to engage in any dysfunctional behavior that may be detrimental to the organization such as knowledge. In line with these studies, knowledge hiding and transformational leadership relationship can be explained by transformational leadership theory. Also it can be predicted that this theory may provide a support to the relationship between transformational and knowledge hiding.

Psychological Ownership Theory

Psychological ownership theory provides some theoretical support on the influence of transformational leadership on knowledge hiding. Psychological ownership is “a state in which an individual feel as though the

target of ownership or a piece of that target is theirs” (Pierce *et al.*, 2001 p. 299). Psychological ownership arises when individuals are psychologically attached to a particular object and that object has become part of them. They also theorized that psychological ownership can be upon material or non-material (physical or non-physical) target or any entity in the organization (Pierce *et al.*, 2001). Furthermore, Pierce *et al.*, (2001) identified three reasons why individual experience ownership. These include “self-efficacy and effectance”, “self-identity” and having a place. They also suggest that, the three ways through how psychological ownership emerged are: ability to control the target, closeness or intimately known the object, and investment individual put into the target.

Regarding knowledge hiding (Connelly *et al.*, 2012), previous studies indicate that control over knowledge by individual can be a key factor of bargaining ability or power over organization. This indicates that the ability of individual in determining the compensation, position and status in organization depends on the control over knowledge by an individual employee. Further, where an individual fears the loss of ownership, power or certain part of their possession such as knowledge, when they transfer their knowledge, an employee will keep their control of the object (Peng, 2013; Van Dyne & Pierce, 2004).

Psychological ownership also satisfies employee “efficacy” and “effectance needs”, and in doing so an employee with high psychological ownership may engage in dysfunctional behavior so that they can satisfy their “efficacy and effectance needs” and keep their control over the object (Peng & Pierce, 2015; Peng, 2013). However, researcher also argue that in some cases individuals are reluctant to share “key knowledge” that is related to their core interests, whereas they are willing to share “common knowledge” that is frequently used or not concerned with personal interests (Li, Yuan, Ning, & Li-ying, 2015).

Several studies have applied this theory to identify the impact of feeling of ownership or possession of target or object by individual in organizations (Atalay & Özler, 2013; Park, Song, Yoon, & Kim, 2013; Peng, 2013; Pierce, Rubinfeld, & Morgan, 1991; Pierce *et al.*, 2001). The studies of Peng, (2013); Li, Yuan, Ning, and Li-ying, (2015) argued that psychological ownership theory is quite adequate in explaining knowledge hiding, knowledge sharing and commitment behavior among employees in organizations.

Based on the underlying proposition of psychological ownership theory, that psychological ownership of an individual should theoretically regulate the behavior of individual employee in workplace, it is predicted that psychological ownership theory would provide support for the relationship between transformational leadership and knowledge hiding in the present study. For example, individual with strong experience of psychological ownership may intend to withhold or conceal knowledge than employee with low level of psychological ownership. In addition, since transformational leadership encourages the followers to put more effort in order to improve organizational performance, is an indication that TL influences followers to consider the organization as theirs.

Transformational Leadership and Knowledge Hiding

Studies show that leadership has an influence on individual employee behavior and attitude (Bass, 1990; Olson & Nelson, 2006; Park et al., 2013; Shamir et al., 1993). Transformational leadership also influence followers to be creative and innovative that improved the performance of the organization (Bryant, 2003b; Cheung & Wong, 2011; Hyypiä & Parjanen, 2013). Transformational leadership is a process where "leaders and followers help each other to advance to a higher level of morale and motivation" (Burns, 1978). Transformational leaders are those leaders that exhibit respectful, trustworthiness and behavior that are ethical, increase inspiration and maturity, provide intellectuality, pay attention to their needs for achievement, growth and also encourage their followers to assume more responsibility that may develop them to leadership (Avolio et al., 1999; Bass, 2006).

Regarding transformational leadership and knowledge hiding, empirical studies for the relationship between transformational leadership and knowledge hiding is limited. However, given the limited number of studies linking transformational leadership and knowledge hiding, review of literatures revealed positive impact of transformational leaders for encouraging knowledge sharing among the followers within the organization which improve performance and creativity (Akpotu & Tamunosiki-Amadi, 2013; Bryant, 2003; Lin & Hsiao, 2014; Mushtaq & Bokhari, 2011).

In contrast, knowledge hiding leads to lack of creativity and innovation, and also has a negative impact on the performance of the organization, and including interpersonal relationship (Černe, Hernaus, Dysvik, & Škerlavaj, 2017; Connelly & Zweig, 2015; Nerstad, 2014; Zhao et al., 2016). However, studies indicate that transformational leadership encourages followers to engage in positive behavior towards the organization, for example, organizational citizenship behavior and organizational commitment (Avolio et al., 2004; López-domínguez, Enache, Sallan, & Simo, 2013; Samad, 2012).

Previous studies explained that even though an explanation may be given for not providing the knowledge requested, it could be obvious that the knowledge is intentionally hidden; which could also be a deceptive act and antisocial behavior (Connelly et al., 2012; Demirkasimoglu, 2015; Tang, David, Chen, & Tjosvold, 2015). However, transformational leaders play an important role in increasing followers trust and motivate them in knowledge sharing behavior rather than knowledge hiding behavior. In line with the transformational leadership theory as early mentioned, followers of transformational leadership are expected to refrain from dysfunctional behavior that would be detrimental to the organization (Bass, 1999a). Additionally, researchers on transformational leadership on employees behavioral outcome agreed that leaders can influence employee behavior so that the behavior has a positive impact on the organization (Birasnav, 2014; Piccolo & Colquitt, 2006; Rawung, Wuryaningrat, & Elvinit, 2015; Tang et al., 2015) Based on previous studies and explanations, it can then be logically argued that transformational leader will not encourage followers to engage in any dysfunctional behavior that may be detrimental to the organization.

In general, given the positive relationship between transformational leadership and knowledge sharing, it is also logical that leadership may play a vital role in minimizing the tendency of an employee to hide knowledge in the workplace. Considering the above empirical literature we hypothesized that:

H1: there is a negative relationship between transformational leadership and evasive knowledge hiding behavior.

H2: there is a negative relationship between transformational leadership and rationalized knowledge hiding behavior.

H3: there is a negative relationship between transformational leadership and playing dumb knowledge hiding behavior.

The Mediating Role of Organizational Psychological Ownership

Psychological ownership “is the state of mind in which an employee develops possessive feelings for a target” (Van Dyne & Pierce, 2004). Organizational psychological ownership is the extent of feelings of possession of an employee towards the organization. Likewise, organizational psychological ownership develops influencing behaviors; attitude and motivation upon the employees (Ghafoor et al., 2011; Li, Yuan, Ning, & Li-Ying, 2015; Pierce et al., 2001; Van Dyne & Pierce, 2004).

Previous studies have investigated the mediating role of organizational psychological ownership on the relationship between transformational leadership, employee engagement and performance, the result of the study support the mediation role of psychological ownership in the relationship (Ghafoor et al., 2011). Similarly, the study of Li, Yuan, Ning, and Li-ying, (2015) on the relationship between knowledge sharing and affective commitment and mediating effects of organizational psychological ownership revealed that organizational psychological ownership mediates the relationship between the variable. Park et al., (2013) investigate the mediating influence of psychological ownership on the relationship between organizational citizenship behavior and transformational leadership on 214 employees in Korean public sector, the result of the study indicates that there is a statistical full mediating effect on the relationship between TL and organizational citizenship behavior. Bernhard, (2011) examined the role of organizational psychological of employees on the relationship between justice and affective commitment the result indicates that organizational psychological ownership fully mediates the relationship between the two variables.

However, the study of Bambale, (2013), on the mediating effects of organizational psychological ownership on the relationship between servant leadership and organizational citizenship behavior presents a mixed result on the dimensions of the leadership style. Organizational psychological ownership is the extent to which employee feelings of possession towards the organization. Employees with high psychological ownership towards the organization will consider themselves to be worthy, significant, and valuable towards organization and this will make them establish a high organizational self-esteem, and also encourage them to increase their efforts into the behaviors that benefits the organization, such as knowledge sharing and reduce knowledge hiding behavior (Peng, 2013;

Pierce & Rodgers, 2004). Based on the transformational leadership theory (Bass, 1985) and psychological ownership theory (Pierce, Kostova, & Dirks, 2001) the paper argued that transformational leadership impacts knowledge hiding through organizational psychological ownership and reduce knowledge hiding behavior. Therefore, we advance the following hypotheses:

H4: Organizational psychological ownership mediates transformational leadership and evasive knowledge hiding relationship.

H5: Organizational psychological ownership mediates transformational leadership and evasive knowledge hiding relationship.

H6: Organizational psychological ownership mediates transformational leadership and evasive knowledge hiding relationship.

Based on the theoretical and empirical literature, this paper proposes a framework explaining the mediating influence of organizational psychological ownership on the transformational leadership and knowledge hiding relationship as indicated in figure 1. The paper explained that the extent to which transformational leadership influences knowledge hiding behavior depends on the level of organizational psychological ownership of the employee. Thus, an employee with a high level of organizational psychological ownership will not likely engage in knowledge hiding behavior unlike individual with low organizational psychological ownership.

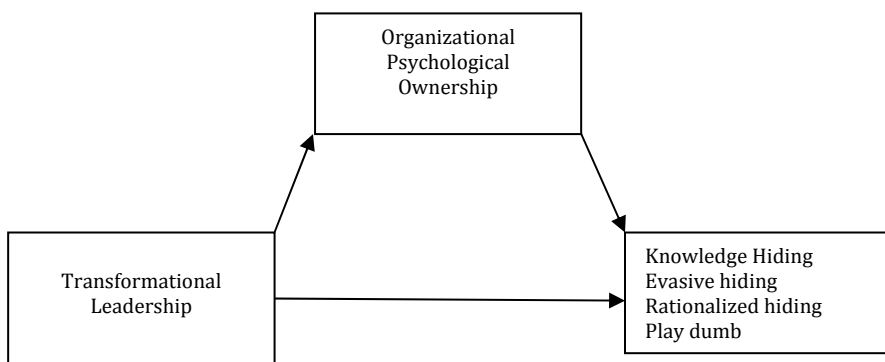


Figure 1. Propose model of transformational leadership and knowledge hiding
(Source: authors' compilation)

Conclusion

This paper proposed a theoretical framework on the mediating role of organizational psychological ownership between transformational leadership and knowledge hiding behavior relationship as shown in Figure 1. If the proposed framework is validated, the findings will contribute to knowledge management literature and extend transformational leadership and psychological ownership theory. In particular, organizations would consider transformational leadership style to motivate their employees to perform extra and behave positively in achieving organizational goals.

However, this paper is limited to transformational leadership; future studies should consider other leadership styles, such as ethical leadership, situational leadership, and charismatic leadership. Future studies should also examine the influence of organizational control, rewards, self-efficacy and organizational culture. The mechanisms (mediator or moderators) variables such as self- efficacy, and organizational commitment, should also to be investigated. Organizations adopting transformational leadership style are more likely to maintain motivated, concern for organization employees that could put extra efforts in their performance to achieve organizations' objectives. We also argue that an employee with high organizational feelings of ownership will likely engage in positive behavior and imitate transformational leadership style.

The managerial implication of this study is to encourage transformational leadership style which will transform the behavior of the employees toward organizational achievement rather than an individual. The feeling of possession or ownership (psychological ownership) which encourages the employees to perceive themselves as part of the organization makes them put their commitment as a result of the leader being their role model.

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THE URGENCY OF CHILD EMPOWERMENT IN DEVELOPING A COMMUNITY-BASED TOURISM IN KAMPUNG WARNA-WARNI OF EAST JAVA INDONESIA

NURUL RATNA SARI¹

ABSTRACT. This paper is an evaluation study of a Community-Based Tourism (CBT) project in Kampung Warna-Warni in East Java, Indonesia. Kampung Warna-Warni was one of slum residential areas along a river bank. A partnership between university students, a paint company, art communities, local government, and local community have successfully established the Kampung as one of the attractive and well-known tourism objects in East Java. Related to it, child empowerment emerges as one of the most pertinent aspects in developing a community-based tourism. This case study indicates some impacts in turning a slum residential into a potential tourism object in children's lives. The research data were collected through in-depth interviews and site observation in order to examine the implementation of CBT and health promotion program which are relevant to child empowerment in the area. This paper reports the interviews' results with some respondents, namely health promoters, opinion leaders, local communities, and visitors. It is revealed that CBT project significantly influences the community's circumstances. The project has improved community environmental and economic aspects, yet neglected child empowerment. Altering a slum residential into a tourism object requires a community empowerment and adaptation process, particularly for children, because it potentially affects their development. The findings provide some insights for governments and relevant stakeholders to implement an effective and empowering policy for child health development program and community-based tourism.

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Introduction

Child development has been an emerging issue in community empowerment. Children-related issues are imminent subjects of community leaderships (Groak, 2013) that child development is an investment in building an empowered community to contribute to sustainability agenda (Macnab, 2014). As the future of an empowered community, a child should be a pertinent element in every empowerment effort; however, most researches on community empowerment are adult-centric (Bennett et al., 2003; Daiute & Fine, 2003). Additionally, children and adolescent issues are generally viewed from adults' standpoint (Wong et al., 2010). Therefore, this issue uniquely evokes a recognition for opportunities and challenges in a further community empowerment effort.

This research focuses on child empowerment in a Community-Based Tourism (CBT) development. CBT is considered as one of community empowerment efforts in which environment, social, and economic improvement become the main research issues. Some researches assessed CBT's success in empowering local community (Jugmohan et al., 2016; Zapata, et al., 2011; Kontogeorgopoulos, et al., 2014) which also indicated both positive and negative impacts of CBT on all local community's elements. For child empowerment, previous researches mostly reported on child physical health (Sherra et al., 2014; Hanna & Oliva, 2016; Natale et al., 2014; Butenko et al., 2017). However, some other researches in child development critically suggested that physical and mental health are interwoven (Patel et al., 2008, Ansell, 2017); thus, social aspect plays a significant role in child development (Bradley & Corwyn, 2002; Huang

et al., 2014; Patel et al, 2008). The role and influence of relevant stakeholders in children health have also drawn research attention, such as parents or family (Deckard, 2014), teachers, and references groups (Ansell, 2017; Patel et al., 2008; Natale et al., 2014); however, child empowerment in CBT context remains a research gap.

Meanwhile, Kampung Warna-Warni was a slum residential area along a river bank. A partnership between university students, a paint company, art communities, local government, and local community have successfully established the Kampung as an attractive and well-known tourism object in East Java. Their project focused on Kampung's performance and surrounding environment and successfully developed it as a CBT. Urgently, child empowerment emerges as a pertinent aspect in developing CBT. This case study indicates some potential impacts of altering slum residential to be a tourist area for children's life experiences.

This research further highlights some notable points in linking CBT and child empowerment. Firstly, it identifies CBT as a community empowerment tool with community as a subject, not an object. Secondly, children's roles as crucial population element in community empowerment are discussed. The urgency of child empowerment in CBT shall be discussed along with the enactment of CBT in Kampung Warna Warni.

Community-Based Tourism: Placing Community as a Central Subject

There are various CBT definitions focusing on both tourism and community development; however, there are some key distinctions in considering CBT as an empowerment effort. CBT places community as a central subject using tourism as one of its tools (Jugmohan et al., 2016). It requires community decision-making to turn their potencies into opportunities. However, placing community as a subject is challenging, because some CBT assessments indicate that community faces some critical threats in tourism development (Blackstok, 2005; Jugmohan, 2015). Some recognized that community members' minimum skill development can be an obstacle for CBT success (Blackstok, 2005; Jugmohan, 2015), followed by conflict for power and resistance (Blackstok, 2005; Salazar, 2012) and policy support to facilitate community participation (Giampiccoli et al., 2014).

Another key distinction of CBT with other tourism types lies in its maximum attempt to benefit local community as preceding stakeholders, rather than setting aside some profits for other absent stakeholders. CBT should not only be focused on tourism marketing, but also in sustainable development (Dodds et al., 2016; Sebele, 2010; Stone & Stone, 2011; Lee, 2012). Considered as one of empowerment schemes (Giampiccoli & Mtapuri, 2015), CBT merges environmental, social and economic, and local people's development issues. Kontogeorgopoulos et al. (2014) further identified CBT characteristics to include environment sustainability, community participation, equitable distribution of financial benefits, community empowerment, improvement in living standard, community management and control, and ownership of tourism projects. These characteristics emphasize community as the crucial stakeholder to play roles in CBT process.

Aiming at sustainable development, community involvement and participation appear as pertinent elements in CBT (Blackstok, 2005). In disadvantaged community, community skills are not the only issues to enact community participation. Power appears as another barriers in which community participation does not only require capacity building, but also an acknowledgement of community's existence and roles. Being in a disadvantageous position leads to a less powerful position in CBT process. Hence, community acknowledgement should be more viable as a part of social legitimation to portray a role or power of the community (Salazar, 2012). Furthermore, community mapping (Minkler, 2016) is necessary to map out the community, in terms of their living, values, potencies, and also main challenges. Community mapping is also required to address the focal segments of community to activate community participation.

Children as a Vital Part of the Community

Children refer to various definitions. Unicef (n,d) defined a child "as a person below the age of 18, unless a national law set a younger age for adulthood". Indonesia itself specifies population group based on age, namely minor (0-14 years old); youth (15-24 years old); workforce (25-59

years old), and retiree (more than 60 years old). Based on the categorization from National Statistics Bureau of Indonesia (Badan Pusat Statistik—BPS), retiree and minor—including children—are categorised as unproductive population (BPS, 2014). In community empowerment context, most literature confirmed that children are classified as youth which consists of minor and adolescents (Benson, 2006; Patel et al., 2008; Wong et al., 2010). To conclude, this study defines children as those within 0-14 years old who live as a part of community.

As a part of community, children mingle with social, economic, culture, and others factors embedded within community interactions. Demographic perspective notes that each population group carries different impacts on economic growth, social, politics, and environment (BPS, 2014), including children. In Indonesia, the number of children as a part of unproductive population influences dependency ratio; however, children are not merely burdens, as they are also the future assets (Groak, 2013; Wong et al., 2010). Thus, Unicef Indonesia (2012) highlighted children rights to empowerment and asserted that they are the most impacted by poverty and other disadvantageous situations (Bradley & Corwyn, 2002; McGregors et al., 2007), such as unhealthy environment, social disparity, and gender bias. In Indonesia, economic and social problems cause a gap in children rights fulfillment, particularly to education and health (Unicef Indonesia, 2012). It validates how children influence and be influenced by a community's life quality.

Hence, as a part of community, children should gain more attention. As future human capitals, global community should invest to child development. Today's children face challenging issues affecting their development and future lives (Ansell, 2017). Previously, most issues attached to child development were cognitive, intellectual, and personality development (Mussen et al., 1963). Currently, health concerns also bring children issue to health care matters (Sherra et al., 2014; Hanna & Oliva, 2016; Natale et al., 2014) and child development, including the role and influence of their surroundings (namely parents, family, neighbors, and teachers) on their life experiences (Ansell, 2017; Deckard, 2014; Patel et al., 2008; Natale et al., 2014). Pertinently, today's society demands well-empowered children to adjust and overcome some challenging issues (Ansell, 2017), namely advanced technology, changing values and

surrounding environment, competitive social and economic opportunities, and children-related crimes like bullying, abuse, and sexual abuse (Setyawan, 2016). Thus, child empowerment should be treated urgently. Child empowerment should enable them to identify challenges around them, as well as to encourage and facilitate them to overcome those challenges properly.

Child Empowerment as an Asset-based Participation

As a vital part of community, children play important roles in achieving empowerment goals. Wong et al. (2010) revealed that there is a changing perspective on child empowerment issues, from problems to resources. An empowered child can identify and deal with challenges which may also be the concern of community. Children can also potentially play some roles in community life. Groak (2013) noted that children as one of the emerging subjects in community leaderships; thus, as resources, children contribute to influence the community's life quality.

Child empowerment is a part of youth empowerment which encompasses the development of children and adolescents. Youth empowerment is crucial as youth are considered as investment to establish empowered community in the future. Additionally, Wong et al. (2010) noted that youth empowerment does not merely aim at preventing youth problems, but also boosting their positive development. It may result in butterfly effects which do not merely contribute to children, but also wider community. Some case studies of youth empowerment program to build nationalism in East Java did not only prove to prevent national identity crisis, but also develop youth civic engagement (Sari, 2014). Youth civic engagement benefits wider community, because young people's interest and participation to civic issues shall bring about a better quality of society. It further indicates their roles to empower community.

Relevant with youth as prominent resources, some scholars suggested Asset-Based Community Development (ABCD) in youth empowerment. ABCD transforms the approach in community empowerment programs, from need-driven to community assets (Boyd, et al., 2008;

Dolezal & Burns, 2015; Van de Venter & Redwood, 2016). Jewell (2016) explained that recognizing, valuing, and utilizing the strengths and assets of individuals and groups form ABCD's theory backbone; thus, ABCD believes that every community has potential to change (Boyd, et al., 2008). It further highlights community as the active subject, not the object, of change (Cole, 2006; Heritage & Dorris, 2009). Boyd et al. (2008) found that need-based community empowerment tends to weaken community and challenge them to take roles in empowerment. Additionally, Wong et al. (2010) underlined that asset-based participation should be applied to youth empowerment, because youth is crucial and potential in community empowerment.

Asset-based as child empowerment approach potentially improves youth health development. Wong et al. (2010) explained that asset-based participation can be effectively applied in child health promotions, because children are valuable assets in community and asset-based approach indeed aims for a long-term investment. Morgan & Diaz (2016) focused on youth health empowerment using asset-approach in 3 main stages, namely 1) creating healthy condition; 2) involving young people by listening their voices; and 3) developing positive connections to achieve health empowerment goals. These stages emphasize that community awareness on child empowerment is necessary in creating a proper condition to encourage child participation. A positive connection between children, community, and other relevant stakeholders may awaken children's potentials to meet community well-being.

Furthermore, ABCD may also extend the benefits of changes within the community, encompassing community participation, empowerment, and engagement. ABCD also works in building engagement between local community and other influential aspects in community life, such as health and social care (Matthiesen et al., 2014). It indicates that asset-based may bring about community awareness and commitment of participation (Van de Venter & Redwood, 2016) aiming at community well-being. Specifically, Dolezal and Burns (2015) highlighted that ABCD might be a new approach in CBT, but it positively influences people and their potential development.

Children and Child Empowerment Practices in Indonesia

Regarding child empowerment in Indonesia, there are critics that youth gained less attention in empowerment agenda (Wahyudi, 2012). During 2010-2035, Indonesia is in the peak opportunity period of demography, as shown by the decrease of dependent ratio within population. This period will further culminate in 2028-2030 when children, as a part of dependent population, will shift toward productive population (BPS, 2015). Thus, they should be well-prepared to achieve future well-being of the community. However, BPS (2015) discovered some urgent matters in child development efforts, such as uneven education, health, and social problems. A government survey uncovered that in 2014, only 17.83% children (0-6 years) in Indonesia received an early childhood education (PAUD) which is crucial to build a child's character and capacity in his/her golden age.

Child health is also a concern in terms of child growth and development. Additionally, other issues in child development are child marriage and child labor which blatantly violate child rights. Moreover, children also frequently become crime victims. Based on the data from Indonesia's Child Protection Committee (KPAI), children-related violence and sexual abuse cases increased rapidly in 2016. It is concerning as children are family and community assets for a better future (BPS, 2015). Ministry of Child and Women Empowerment further highlights that children should receive protection, access, facilities, and opportunity to build their characters and capacities to meet future challenges. Hence, child empowerment should be a pertinent agenda aiming at community well-being. Child empowerment also gains worldwide attention, particularly from Unicef. Focusing on child empowerment in Indonesia, Unicef Indonesia concerns itself in building a children-friendly network and environment to engage various elements of society in child empowerment.

These efforts aim to prioritize children in Indonesia. In terms of facilitating child participation, UNICEF Indonesia established National Children Forum (*Forum Anak Nasional*) at some children-friendly regencies/cities (UNICEF Indonesia, 2012). Children voices should be heard as a part of the planning, implementing, and evaluating empowerment efforts. Additionally, child empowerment efforts are also conducted by various

education and literacy communities. Some attempts are displayed by creating literary and educational facilities, like library and story telling center (Kim Lentera Jaya, 2017). However, child empowerment in health and social issues remains a gap in community activities.

Methodology

The research applied a case study approach covering contextual condition to facilitate a deep and holistic analysis (Yin, 1994). The research data were collected through an in-depth interview, sites observation, and literature reviews in order to develop a holistic understanding in examining the child empowerment practice in CBT area. This paper reported the interviews with respondent groups, namely local health promoters, opinion leaders, local communities, and visitors. Site observation was held by blending in and participating in local community's daily activities, particularly during its social interactions, health-related activities, and tourism activities. Additionally, note-taking was applied to maintain the data emerged during the site observation. Literature reviews were collected from the relevant references about CBT and community empowerment, particularly on child development and health promotions.

The research was conducted in one of the cities in East Java where a CBT project was developed. The location was a slum residence along a river bank where garbage was dumped and became a part of society's daily environment (Widianto, 2016). Its contour was challenging and unable to provide proper housing and community activities. Moreover, the area had terribly long flight of stairs with 107 houses and limited land. The houses did not have proper yard as they were tightly squeezed across each other and only separated by a narrow lane. Moreover, sanitation facility was not readily available in every house, neither was proper public area or open free space for community activities. The river itself became an unauthorized garbage disposal area and resulted in an unhealthy environment. Overall, such conditions prevented the community members to conduct proper daily activities, such as doing laundry in front of their houses, parking their motorcycles at the narrow street, and conducting public activities and having 'children playground' along the river bank.

From Slum-upgrading Project to Community Empowerment Effort

This area development was considered as a slum-upgrading effort aiming to create a better performance for the area and also related to its sanitation improvement. Slum-upgrading effort was planned based on the community needs for a better quality of living. Based on the current conditions, the slum area required upgrading in many aspects, such as infrastructure, environment and sanitation, and community capacity building.

Slum area poses as a challenge for many big cities in Indonesia, because urban population growth is not linear with the availability and capability in gaining basic daily needs, including housing (Amri, 2013). It has been a part of urban development which brings about higher population growth and higher demand for residential areas (Sari & Setijanti, 2012). Slum community commonly has less capacity (Amri, 2013; Sari & Setijanti, 2012) and requires empowerment efforts. Thus, slum-upgrading management has been implemented in some cities with river bank areas to improve infrastructure, ecosystem, social, and economic conditions. For example, slum-upgrading project along Yogyakarta's river bank has been technically managed by environmentally-friendly drainage to overcome flood threat (Mulyandari, 2011). For Surabaya, Sari and Setijanti (2012) suggested a technological innovation to use an alternative sustainable construction along river bank areas; however, such innovation should consider the existing local values in the community. Brontowijoyo et al. (2015) also promoted community-based development to overcome social problems in Code river bank of Yogyakarta. Local values are part of social factors embedded in community characteristic (Minkler, 2016). Thus, social aspect is crucial in slum community empowerment, as it contributes to community sustainability.

The slum-upgrading project in Kampung Warna-Warni covered infrastructure and community health aspects, namely painting houses and changing health behavior. House painting aimed to create a pleasant environment; while sanitation management aimed to improve people behavior, particularly regarding garbage disposal and sanitation behavior.

The slum-upgrading project then emerged as an empowerment effort which was not only affecting infrastructure and health aspects, but also economic and social aspects within the community.

CBT as Multi-stakeholders' Community Empowerment Effort

Interestingly, the project emerged as multi-stakeholders' empowerment effort. From slum-upgrading project to CBT, the efforts involved university students, sponsors, art communities, opinion leaders, community members, and local government. The house painting was initiated by a group of local university students, involving those relevant stakeholders. The students designed slum development to meet a subject assignment which required a real community development action. Students as conceptors should be able to implement their ideas and faced challenges to achieve their goals. Their ideas represented university contribution to solve real community issues. Community-university partnerships appear as a prospective strategy in community development (Balcazar et al., 2005; Baum, 2016). Furthermore, as an education institute, university needs to have some real voluntary contributions and actions, particularly in community services.

Other stakeholders were private and social organisations, including a paint company and art communities. As a corporation, the paint company conducted this project as its social responsibility program. The company also gained opportunity to promote their products to a larger community. While art community was a suitable partner as the project fit in their passion in arts and their vision of social volunteering. In order to hasten the objectives' accomplishment, this community empowerment program was suggested to involve multi-stakeholders (Morgan & Diaz, 2016; Fraser et al., 2006). It was also necessary to integrate some suitable partners to build a solid collective support. Thus, the project's vision and mission should be formulated strategically as the influential factors in encouraging supports (Thabrewa et al., 2006).

Additionally, the upgrading concept successfully attracted community attention which encouraged their involvement. The local opinion leaders embraced the concept, as it met community needs to

gain better living environment. Hence, community members willingly took part in painting process together with art communities. Some also provided some logistics during the process. Community members' involvement to volunteer themselves in painting process hint that they are willing to take part in the upcoming community empowerment efforts. The involvement also shown their awareness of their main challenges. Community awareness on their problems and potencies are fundamental in enhancing participation (Minkler, 2016). Even though community awareness is an early step to achieve empowerment, it provides an insight for the community to change. Further, community assistance is required to enhance the process to build community capacity which aims at placing community as the empowerment subject.

Remarkably, the effort also gained support from local government. Previously, the community members were planned to be relocated to some flats (Widianto, 2016); however, slum-upgrading project in CBT successfully brought out some potentials of the area. As it is located under a bridge at one of the city main streets, it becomes a potential city landmark. The slum-upgrading project benefited the city development in some aspects, from city site planning to city branding. The butterfly effects of the efforts led the local government to declare the area as a tourism object. It confirmed the empowerment effort as a pressing agenda in developing community and the city. An aptly-tailored empowerment changed the slum area from a 'problem' into 'strengths'.

CBT Effects: Improving Environmental and Economic Conditions, yet Prompting Social Concerns

The house painting magnificently generated a new, colorful, and attractive landscape in the city. The area was not merely bursting with colors, but also containing some 3D visual effects displayed artistically. When new pictures of the Kampung became viral on social media, many visitors came to take photos at its attractive spots (Widianto, 2016). The Kampung then became well-known as Kampung Warna-Warni which aptly represented its unique physical identity as a new tourism object. A unique identity may boost promotions as it is different from

other tourism objects. Its name, Warna-warni, represents its characteristics and is portrayed clearly on its landmarks, such as houses, streets, stairs, facilities like mini library, garbage bin, and decorations like umbrella and lamp.

Turning the Kampung into a tourism object improved the environment and economic aspects of the community. Based on the site observation, environment sanitation is currently well-managed, as evidenced by garbage disposal management, sanitation facilities, clean environment around the main area and along the river bank. Sanitation awareness also results in the improvement of community health behavior. The locals begin to keep the river clean by throwing trash to garbage bins, using public toilet for sanitation, and taking care of the environment. The cost of maintaining garbage disposal management and environment cleanliness are funded by tickets sold to tourists.

Besides sanitation awareness and improvement, CBT also impacts the community's economic conditions. Business opportunities are now available to support the sustainability of the tourism object. Besides ticketing, local people also establish numerous stalls to provide tourists' needs, such as food and local souvenirs. The area attracts various groups, such as youth groups, families, and traveler groups, as well as both domestic and international tourists. Their visits create a market for local people to offer their products. Another opportunity is presented by creating a parking area management which offers a job prospect for unproductive youth there. For a disadvantaged community, youth capacity and competence have been an issue (Ansell, 2017); thus, youth empowerment is essential in every community. Parking area management facilitates young people to participate in managing CBT. Based on interviews conducted with the locals benefited from economic opportunity, they admitted that their family economic conditions have improved due to CBT. Dodds et al. (2016) asserted that CBT should benefit the locals by involving them in managing and developing it. The CBT of Kampung Warna-Warni fruitfully created opportunity for the locals, particularly in economic and environment aspects.

However, some problems brought by CBT are not been well-anticipated. CBT effects attracted not only tourists, but also the locals themselves. Economic attractiveness of CBT shifted their interest from

their community well-being to tourist satisfaction. In tourism management, customer satisfaction is crucial for its existences (Corte et al., 2015). For this case study, tourist satisfaction becomes one of the main agenda for the locals. The data indicate that tourists' needs and facilities are more prioritized than the community members' needs. For instance, the community open space is turned into a tourist area. Local children lose their previous playgrounds and choose to stay at home with televisions and gadgets. Another issue is related to the intensified transactional interactions between the tourists and the locals. As CBT project, local values should have had a place in tourism by imbibing it through social interactions. However, photo-taking is the main tourists activities, not interacting and learning about the locals' way of life. In fact, the local activities are less attractive than the photo-spots for tourists. Thus, it is necessary to encourage the representation of local characteristics in CBT to promote social interactions between tourist and local community.

The Urgency of Healthy Social Environment for Children

The social challenges appeared along with CBT enactment may also potentially impact child development, both physically and mentally. The changing function of a residential area to be a tourism area demands a challenging adaptation process for the local community, particularly for children. Children are considered as learners. However, their stages of growth demand an establishment of comprehensive capacities in understanding and making proper decisions. This is crucial, as the adjustment process requires proper decision to deal with the change. In this case study, the change is not merely revolved around physical environment, but also social circumstances which may influence child development. Therefore, child empowerment appears as an urgent agenda in CBT of Kampung Warna-Warni.

Based on-site observation, open access for outsiders to the community life brought some social impacts related to child development. Evans (2006) explained that child development is influenced by the characteristics of their physical environment and socio-emotional conditions. Physical environment includes housing and neighborhood quality, noise, crowds, natural settings, and school; while socio-emotional

refers to the cognitive, motivation, and psychological and physiological outcomes in children (Evans, 2006). In this case study, children have to face outsiders as visitors in their daily lives; thus, they have to interact not only with their neighbors, but also with strangers. The physical and social environment dynamically change as their residential area becomes a tourism object. The challenges become more difficult, particularly because children's issues are not the visitors' interests. As a guest, visitors enjoy the photo spots as a part of a tourism object. In this case, children potentially become a mere object of tourism, which may threaten their healthy development process. The research data reveal some disadvantageous impacts for children, such as losing their playgrounds, becoming jealous of the visitors for taking their freedom and playgrounds away, spending their free time to guide visitors for some petty cash. Such situations clearly require some empowerment programs to ensure an ongoing effort for a proper child development in the area.

Child development process includes growing and developing processes which are focused on different, yet intertwining elements. Santrock (1995) explained that growth refers to a child's physical change which can be measured in height, weight, and metabolic balance; while developing process mainly refers to the improvement of a child's ability and skill, including his/her emotional, intellectual, and behavioral capacities which enable him/her to interact with their surroundings. Hence, a proper developing process enables children to make some smart choices in their life stages, such as doing good things and avoiding the bad ones. In their developing period, children learn from their proximate environment, such as family, friends, and their social surroundings (Ansell, 2017; Patel et al., 2008; Natale et al., 2014). Thus, creating a healthy condition around them is essential for child development physically and socially (Morgan & Diaz, 2016). 'Healthy area' is necessary to cover physical and social aspects of community. Considering the changing situation in the Kampung, a healthy area should encompass a proper protection of child rights and facilities for child development. Suggested healthy areas in this CBT context are through various campaigns and implementation of children-friendly areas and open-spaces exclusively for children. Children-friendly area is required to ensure that proper social values for children are installed by the local community and visitors. While facilities for child development should be elaborated in the development area.

Additionally, child empowerment should include child capacity in adjusting properly with their surroundings. Child jealousy indicates their inability to deal with the changing situations. Thus, the local children need some training in social capacity building, particularly in understanding social values and adapting to the changing situation. Putting children as the subject of CBT may encourage their participation in the empowerment effort. Strengthening child adjustment capacity may boost their decision-making capability much more than spending their time with television or guiding visitors for cash. As the future asset, children should be well-empowered, not neglected.

Furthermore, the supports and roles of community members and other relevant stakeholders are required to achieve child empowerment goals (Morgan & Diaz, 2016; Ansell, 2017). This effort can be started by acknowledging that children are community assets. The community members and stakeholders should fully realize children potential and their empowerment impacts for the community's well-being in the future. Child empowerment's significance should also be incorporated in other empowerment efforts which are mostly adult-centric (Bennett et al., 2003; Daiute & Fine, 2003). Involving child issues in empowerment efforts may build a positive connection between adult and children to support each other to achieve community empowerment goals.

Conclusions and Implications

This research employed community empowerment, CBT, and child development to examine child empowerment in CBT practices in Kampung Warna-Warni of East Java, Indonesia. It argued that a child is a crucial variable in community empowerment efforts. As a future leader, children are assets to achieve community well-being. Thus, child development is a pertinent issues to CBT with its recognized potencies and critical threats. The research further revealed that CBT in Kampung Warna-Warni was multi-stakeholder empowerment efforts which effectively improved environment and economic aspects of the community. However, altering the residential area to tourism area can potentially affect child development, particularly in social aspects. Thus, child empowerment during the adjustment process emerges urgently in CBT enactment.

Child empowerment requires awareness and acknowledgement of children roles in achieving community empowerment goals. Notably, a child is considered an investment to establish a future empowered community. Although CBT in Kampung Warna-Warni is not focused on child issues yet, the empowerment efforts indicate some stages to encourage a better life quality for the community, starting from a slum-upgrading process to CBT. The findings provide some insights for governments and relevant stakeholders seeking to implement some effective and empowering programs and policies related to child and community development through CBT. Additionally, this research contributes to the growing literature about child and community empowerment in CBT context.

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