

**Proceedings
The 4th International Conference
of the
Asian Academy of Applied
Business
(AAAB 2009)**

**Managing Asian Business Corporations
in the 21st Century**

17 - 18 December 2009
AIM Conference Center
Makati City, Manila,
The Philippines

Edited by:
Amran Harun, Rosle Mohidin, Lim Fui Yee Beatrice,
Roslinah Mahmud, Daru Razali Datu Eranza

Collaboration between:



AIM



Conference Programme Schedule

DAY 1 Thursday, 17 December 2009

Time	Event
0700	Registration of Participants
0815	Arrival of Guests
0845	Arrival of VIP
0900	Opening Ceremony <i>Welcoming Speech</i> Y.Bhg. Brig. Jen. Prof. Datuk Seri Panglima Dr. Kamaruzaman Hj. Ampon Vice Chancellor, Universiti Malaysia Sabah Prof. Grace S. Ugut, Ph.D. Associate Dean of AIM Executive Education and Lifelong Learning Center (EXCELL) (Representing AIM) <i>Keynote Address and Officiating Opening</i> Mr. Benel Laguna President, SB Corporation Department of Trade and Industry-National Capital Region (DTI-NCR) Small and Medium Enterprises, Financing Section
1030	Refreshments
1100	Concurrent Session I (A – E)
1230	Lunch
1400	Concurrent Session II (A – D)
1530	Refreshments
1545	Concurrent Session III (A – D)
1715	Adjourned

Conference Programme Schedule

DAY 2
Friday, 18 December 2009

Time	Event
0830	Concurrent Session IV (A – D)
1000	Refreshments
1015	Practitioner Session Theme: "Challenges in the Sub-Regional Co-operation of BIMB-EAGA" Chairperson: Professor Dr. Syed Azizi Wafa Syed Khalid Wafa Speaker 1: Dr. Peter Richter Senior Adviser, German Technical Cooperation Speaker 2: TBA
1115	Closing Luncheon and Awards Ceremony <i>Best Paper Awards</i> <i>Award of Captain of Industry</i> <i>Speech by Captain of Industry</i> Mr. Ricardo S. Pascua Chairman and President, Happy Communications, Inc. Chairman, Ready Foods Manufacturing Corporation <i>Closing Speech</i> Professor Dr. Syed Azizi Wafa Syed Khalid Wafa President, Asian Academy of Applied Business (AAAB) Co-Chairman of the AAAB Conference 2009
1230	Adjourned

Concurrent Session Chairperson

Chairperson	Paper Track	Session	Time
DAY 1: Thursday, 17 Dec			
Prof. Othman Yong	Finance and Banking	I (A)	1100
Assoc. Prof. Dr. Hj. Kasim Hj. Mansur	Economics	I (B)	1100
Prof. Dr. Syed Azizi Wafa	Management	I (C)	1100
Assoc. Prof. Dr. Ernest Cyril De Run	Marketing	I (D)	1100
Dr. Ahmad Puat Mat Som	Hospitality & Tourism	I (E)	1100
Prof. Dr. Zaini Abd Karim	Finance and Banking	II (A)	1400
Nalini Arumugam	Economics	II (B)	1400
Dr. Sa'ari Bin Ahmad	Entrepreneurship	II (C)	1400
Assoc. Prof. Dr. Raja Roslan Raja Abd. Rahman	Marketing	II (D)	1400
Dr. Rasid Mail	Accounting	III (A)	1545
Prof. Dr. In-Soo Han	Education and Technology	III (B)	1545
Assoc. Prof. Dr. Raja Roslan Raja Abd. Rahman	Entrepreneurship	III (C)	1545
Assoc. Prof. Dr. Vikineswaran A. Maniam	Marketing	III (D)	1545
Day 2: Friday, 18 Dec			
Dr. Anura de Zoysa	Finance and Banking	IV (A)	0830
Dr. Pengiran Hassanah Bahar Pg. Bagul	Hospitality & Tourism	IV (B)	0830
Dr. Nek Kamal Yeop Yunus	Management	IV (C)	0830
Assoc. Prof. Dr. Ahasanul Haque	Marketing	IV (D)	0830

Concurrent Session I (A)

DAY 1

Thursday, 17 December 2009

Time: 1100 - 1230

Paper Track: Finance and Banking

**Session Chairperson: Prof. Othman Yong
University of Malaya (UM)**

Paper Title and Author(s)

Paper Title	Author(s)
Size effect, winner's curve and performance on Malaysian IPO: Evidence from 2004-2008.	Othman Yong
Project management in mudarabah Islamic financing mode.	Ahcene Lahsasna
Corporate performance, corporate governance and CEO turnover: A study of Malaysian public listed companies.	Rokiah Ishak, Ku Nor Izah Ku Ismail and Shamsul Nahar Abdullah
Recursive relationships in executive compensation.	Shane Moriarity and Josefino San Diego
The effect of oil price volatility on Asian stock market performance – Evidence from Bursa Malaysia and Philippine Stock Exchange.	Abdul Razak Abdul Hadi, Mohamed Hisham Yahya and Abu Hassan Shaari

* Please refer to Collection of Abstracts

Concurrent Session I (B)

DAY 1

Thursday, 17 December 2009

Time: 1100 - 1230

Paper Track: Economics

**Session Chairperson: Assoc. Prof. Dr. Hj. Kasim Hj. Mansur
Universiti Malaysia Sabah (UMS)**

Paper Title and Author(s)

Paper Title	Author(s)
Methods of payment in foreign trade among firms in Singapore.	R. Sirpal
Export-dependence and economic growth in Singapore.	Fumitaka Furuoka and Qaiser Munir
Determinants of fresh fruits and vegetables (FFV) farmers' participation in contract farming in Peninsular Malaysia.	Nalini Arumugan, Eddie Chiew F. C., Zainalabidin Mohamed and Fatimah Mohamed Arshad
An overview on the phenomenon of the "disappearing middle" in exchange rate regimes	Ahmad Mosfi Mahmood, Janice L. H. Nga and W. Shawaluddin W. Hassan
Productivity and performance of palm oil industry in Malaysia.	Mohamad I'sa Bin Abd Jalil, Rozilee Asid, Hj. Dullah Mulok and Mohd Safri Saiman

* Please refer to Collection of Abstracts

Concurrent Session I (C)

DAY 1

Thursday, 17 December 2009

Time: 1100 - 1230

Paper Track: Management

**Session Chairperson: Prof. Dr. Syed Azizi Wafa
Universiti Malaysia Sabah (UMS)**

Paper Title and Author(s)

Paper Title	Author(s)
A study on employee turnover intention in ITES/BPO sector.	Sree Rekha and T.J. Kamalanabhan
Conceptual of training transfer to enhance the performance of human resource development (HRD) at Malaysian public service.	Raja Roslan Raja Abd. Rahman, Mohd. Taib Bin Hj. Dora, Abu Bakar Bin Mohd. Yusof, Mohd. Ariff Bin Mat Hanafiah and Sazali Bin Muhammad
Productivity enhancement via technical efficiency improvement in tilapia culture management.	Reynaldo L. Tan, Yolanda T. Garcia, Marjorie-Ann L. Dator, Isabel Mildred A. Tan and Diemuth E. PemsI
Inter-partner fit and joint venture performance: A case study on Padiberas Nasional Berhad.	Tey Lian Seng and Aida Idris
The relationship between performance management practices and organizational quality performance of public sector organizations in Sabah.	Josie Lai Mei Sing, Syed Azizi Syed Wafa and Ramraini Ali Hassan
The empirical study of burnout among nurses of public hospitals in the northern part of Malaysia.	Jasmani Binti Mohd Yunus, Abdul Jumaat Bin Mahajar and Kamisan Bin Gadar

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Concurrent Session I (C)

DAY 1

Thursday, 17 December 2009

Time: 1100 - 1230

Paper Track: Management

**Session Chairperson: Prof. Dr. Syed Azizi Wafa
Universiti Malaysia Sabah (UMS)**

Paper Title and Author(s)

Paper Title	Author(s)
A study on employee turnover intention in ITES/BPO sector.	Sree Rekha and T.J. Kamalanabhan
Conceptual of training transfer to enhance the performance of human resource development (HRD) at Malaysian public service.	Raja Roslan Raja Abd. Rahman, Mohd. Taib Bin Hj. Dora, Abu Bakar Bin Mohd. Yusof, Mohd. Ariff Bin Mat Hanafiah and Sazali Bin Muhammad
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Concurrent Session I (D)

DAY 1

Thursday, 17 December 2009

Time: 1100 - 1230

Paper Track: Marketing

**Session Chairperson: Assoc. Prof. Dr. Ernest Cyril De Run
Universiti Malaysia Sarawak (UNIMAS)**

Paper Title and Author(s)

Paper Title	Author(s)
The impact of personal values and sales promotion techniques for specialty/luxury products.	Ernest Cyril De Run and Jee Teck Weng
Building and sustaining brand assets through new digital-based technologies.	Azahari Jamaludin
The positioning strategy of a personal care company in a competitive environment.	Azizah Daut and Sany Sanuri Mohd Mokhtar
The relationship between market orientation and new product performance: The role of product advantage as a mediator.	Azaze @ Azizi Abdul Adis and Evelyn Jublee
The influence of product and consumer characteristics on acceptance of new seaweed food products.	Amran Harun, Lee Yoon Ling, James Alin and Jaratin Lily

* Please refer to Collection of Abstracts

Concurrent Session I (E)

DAY 1

Thursday, 17 December 2009

Time: 1100 - 1230

Paper Track: Hospitality and Tourism

**Session Chairperson: Dr. Ahmad Puat Mat Som
Universiti Sains Malaysia (USM)**

Paper Title and Author(s)

Paper Title	Author(s)
The inventory of accomodation establishments in capital cities of East Coast Peninsular Malaysia	Ahmad Puat Mat Som, Badaruddin Mohamed, Azizi Bahauddin, Abdul Ghapur Othman and Masitah Muhibudin
International tourists' perception of safety and security in Bukit Bintang, Kuala Lumpur	Ahmad Fitri Amir and Ahmad Puat Mat Som
Ecotourism potential assessment for Oxbow Lake, Sugut.	A. Anton, A. Pengiran Bagul, Mohd Idrus and L. Pedro Bingku
Ethical beliefs of hotel employees in Malaysia.	C.H Ponnun, K. Hassan M. Mohd, Y.Y. Bhe, S. J. Chen

* Please refer to Collection of Abstracts

Concurrent Session II (A)

DAY 1

Thursday, 17 December 2009

Time: 1400 - 1530

Paper Track: Finance and Banking

**Session Chairperson: Prof. Dr. Zaini Abd Karim
Universiti Utara Malaysia (UUM)**

Paper Title and Author(s)

Paper Title	Author(s)
Forced merger and efficiency in Malaysian banking.	Mohd Zaini Abd Karim, Muhammad Ridhuan Bos Abdullah and Chan Sok Gee
Corporate blogging for Malaysian banks.	Bryan Lo Ching Wing, Ang Magdalene Chooi Hwa and Khaw Ai Ling
Stock price movements: Does change in energy price matter?	Norasibah Abdul Jalil, Gairuzazmi Mat Ghani, Jarita Duasa, Mansor Ibrahim and Nek Kamal Yeop Yunus
The factor that causes the net inflow of foreign investment to create banking crisis in Malaysia.	Caroline Geetha, Lim Thien Sang, Rosle Mohidin and Vivin Vincent Chandran
Malaysian saving in the 1990s – Problems and prospects.	Sohail Ahmed and Badrul Hisham Kamaruddin

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Concurrent Session II (B)

DAY 1

Thursday, 17 December 2009

Time: 1400 - 1530

Paper Track: Economics

**Session Chairperson: Nalini Arumugam
Universiti Darul Iman (UDM)**

Paper Title and Author(s)

Paper Title	Author(s)
Exchange rates behavior explanation by Purchasing Power Parity: A new test on Malaysian Ringgit and US Dollar.	Farhad Pourkalbassi Esfahani and Lee Chin
Terms of trade, real interest rate differential and real exchange rate.	Wong Hock Tsen and Roslinah Mahmud
Honest disagreement is often a good sign of progress.	James Alin and Roslinah Mahmud
The interconnection of business, politics and civil society in the Malaysian context.	Janice L. H. Nga, Hj. Dullah Mulok, Ahmad Mosfi Mahmood and Kok Sook Ching @ Emily
An analysis of effects of social unrest on a country's business environment: An exploratory case of Thailand	Rini Suryati Sulong
The TRIPS and foreign direct investment: Evidence from developed and less developed economies.	Rozilee Asid and Mohd Safri Saiman

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Concurrent Session II (C)

DAY 1

Thursday, 17 December 2009

Time: 1400 - 1530

Paper Track: Entrepreneurship

**Session Chairperson: Dr. Sa'ari Ahmad
Universiti Utara Malaysia (UUM)**

Paper Title and Author(s)

Paper Title	Author(s)
Strategic thinking and performance of SMEs: High versus low emphasis.	Mohd Khairuddin Hashim, Sa'ari Ahmad and Mustafa Zakaria
A framework for Malaysian's Small and Medium – size automotive industry.	Azahari Jamaludin, Wan Mansor Wan Muhamad and Mohd Razif Idris
Leadership styles and company performance: The experience of owner-managers of SMEs.	Anil Chandrakumara, Anura De Zoysa and Athula Manawaduge
Strategy, process and culture: characteristics to innovative for small and medium enterprises (SMEs)	Ahmad Zahiruddin Yahya, Mohd Said Othman, Jumaat Abdul Moen and Abdullah Sanusi Othman

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Concurrent Session II (D)

DAY 1

Thursday, 17 December 2009

Time: 1400 - 1530

Paper Track: Marketing

**Session Chairperson: Assoc. Prof. Dr. Raja Roslan Raja Abd. Rahman
Universiti Teknikal Malaysia Melaka (UteM)**

Paper Title and Author(s)

Paper Title	Author(s)
Efficiency of competitiveness priorities on adoption of e-procurement system to enhance service performance: A case study in Universiti Teknikal Malaysia Melaka.	Raja Roslan Bin Raja Abd. Rahman, Abu Bakar Mohd. Diah, Azizi Hj. Yahya, Azizi Hj. Yahaya, Abd Talib Bin Din, NoorWatee Binti Hj. Rahman and Juan Rizal Hj. Saari
Website quality and consumer online purchase intention of air ticket.	Mohd Fazli Mohd San and Md Nor Hayati Bin Tahir
The influential factors on consumers' purchasing decision in Bangkok pet shops.	Chanchai Bunchapattanasakda and Tarinee Chaipradernsak
E-government implementation to increase efficiency and transparency.	Satya P. Chattopadhyay and Arthur J Kania
The effects of celebrities' multiple endorsements on purchase intention.	Charlie Albert Lasuin, Amran Harun, Fumitaka Furuoka and Jenny Ignatius

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Concurrent Session III (A)

DAY 1

Thursday, 17 December 2009

Time: 1545 - 1715

Paper Track: Accounting

**Session Chairperson: Dr. Rasid Mail
Universiti Malaysia Sabah (UMS)**

Paper Title and Author(s)

Paper Title	Author(s)
Ethical duties of auditors for effective corporate governance.	Loganathan Krishnan
The adoption of computerized accounting system in small medium enterprises in Melaka, Malaysia.	Md. Nor Hayati Tahir and Mohd. Fazli Mohd. Sam
Sabah hotel industry and capital expenditure decisions: A proposal for an empirical research	Noorhayati Mansor, Masyhuri Hamidi and Yuzainy Janin
Goodwill impairment: Complaint level and disclosure quality assesment by large listed Hong Kong companies.	Dung Manh Tran, Tyrone M. Carlin and Nigel Finch

* Please refer to Collection of Abstracts

Concurrent Session III (B)

DAY 1

Thursday, 17 December 2009

Time: 1545 - 1715

Paper Track: Education and Technology

Session Chairperson: Prof. Dr. In-Soo Han
Chungnam National University, South Korea

Paper Title and Author(s)

Paper Title	Author(s)
Success of CDMA telecommunications technology in Korea: The role of the mobile triangle.	In-Soo Han
Factors affecting e-learning effectiveness in a higher learning institution in Malaysia.	Md. Aminul Islam, Chuthamas Chittithaworn, Ahmad Zulhusny Rozali and Tan Chee Liang
Relationship between mentoring program and individuals' advancement in university administration: An empirical study in Malaysia.	Azman Ismail, Michael Khoo Khian Jui, Osman Md Rasip, Ali Boerhannoeddin and Mat Salleh Ayub
Service recovery strategy and customer satisfaction in higher education in Malaysia: Moderated hierarchical-regression approach.	Nek Kamal Yeop Yunus, Salomawati Ishak and Azman Ismail
Trade structure of ICT among Korea, China, Japan.	Keun-Yeob Oh, Jin-man Yoo, Chen Je, Yeon-hui Lee and Moon-seok Kim

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Concurrent Session III (C)

DAY 1

Thursday, 17 December 2009

Time: 1545 - 1715

Paper Track: Entrepreneurship

**Session Chairperson: Assoc. Prof. Dr. Raja Roslan Raja Abd. Rahman
Universiti Teknikal Malaysia Melaka (UteM)**

Paper Title and Author(s)

Paper Title	Author(s)
Factors affecting business success of small & medium enterprises (SMEs) in Malaysia.	Md. Aminul Islam, Tunku Salha Binti Ahmad, Chutamas Chittithaworn and Lam Yoong Kay
Women entrepreneur and business networking: Diversity and density of the networking	Kamisan Gadar, Khalid Ismail, Norizan Saad and Nek Kamal Yeop Yunus
Does psychological factors influence undergraduate to be an entrepreneur?	Khalid Ismail and Kamisan Gadar
Developing the effectiveness entrepreneurial leadership styles in improving SMIs manufacturing bumiputera technopreneurs performance in Melaka.	Raja Roslan Bin Raja Abd. Rahman, Abu Bakar Bin Mohd. Yusof, Abu Bakar Mohd. Diah, Abd. Talib Bin Din dan Tajuddin Bin Yusof.
Issues and challenges of handicraft entrepreneurs in Sabah: A study in Kota Belud, Sabah.	Tini Maizura Mohtar, Noor Fzlinda Fabeil, Kamarul Mizal Marzuki

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Concurrent Session III (D)

DAY 1

Thursday, 17 December 2009

Time: 1545 - 1715

Paper Track: Marketing

**Session Chairperson: Assoc. Prof. Dr. Vikineswaran A. Maniam
INTI University College**

Paper Title and Author(s)

Paper Title	Author(s)
Issue affecting conformity to practice of marketing ethics author.	Vikineswaran A. Maniam
Responding to global markets: External and internal factors determining marketing strategy.	Phattarawan Tantong
Mobile phone attributes and services used among public university students in Malaysia.	Sathissan R. and Amran Ahmed
The relationships between the firm's internal and external environment and export marketing strategy of LDC firms.	Agnes T. Banzon
Relationship quality as the predictor of long term relationship in the Malaysian dairy industry.	Bonaventure Boniface, Amos Gyau and Randy Stringer
Logistics service providers in the liner shipping market-A study between the UK and South Korea.	Koo, Jong-Soon and Kim, Moon-Seok

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Concurrent Session IV (A)

DAY 2

Friday, 18 December 2009

Time: 0830 - 1000

Paper Track: Finance and Banking

**Session Chairperson: Dr. Anura De Zoysa
Universiti of Wollongong (UOW)**

Paper Title and Author(s)

Paper Title	Author(s)
Profitability analysis of listed manufacturing companies in Sri Lanka and Malaysia: An empirical investigation.	Anura De Zoysa, Athula Manawaduge and Anil Chandrakumara
The efficient market hypothesis revisited: Evidence from the five Asian stock prices.	Qaiser Munir, Kasim Mansur and Fumitaka Furuoka
Long memory in Malaysia, Singapore and Thailand stock markets.	Sarvenaz Rezai and Abdullahi Farah Ahmed
A theoretical analysis of bank relationship.	Shyam Bhati, Michael McCrae and Anura De Zoysa
Bank ownership and efficiency in Pakistan.	Muhammad Usman and Wang Zongjun

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Concurrent Session IV (B)

DAY 2

Friday, 18 December 2009

Time: 0830 - 1000

Paper Track: Hospitality & Tourism

**Session Chairperson: Dr. Pengiran Hassanal Pengiran Bagul
Universiti Malaysia Sabah (UMS)**

Paper Title and Author(s)

Paper Title	Author(s)
Perceptions of organizational justice on citizenship behavior intentions and turnover intentions of hotel employees.	Mohamad Abdullah Hemdi, Khairul Hidayat Rezo and Mohamed Azli Razali
The study of linkage between employee satisfaction & employee loyalty in hotel industry in Klang Valley.	Rahman Bin Abdullah, Mushaireen Musa, Khazainah Khalid and Harnizam Zahari
Factors that influence visitors' willingness to pay for Tunku Abdul Rahman (TAR) Marine Park	Shaney Jeslan, James Alin, Amran Harun, Yuzainy Janin and Kamisan Pusiran
The influences of relationship marketing on customer loyalty: Evidence from local airline service providers.	Chang Mui Ling, Amran Harun and Lim Thien Sang

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Concurrent Session IV (C)

DAY 2

Friday, 18 December 2009

Time: 0830 - 1000

Paper Track: Management

**Session Chairperson: Dr. Nek Kamal Yeop Yunus
Universiti Pendidikan Sultan Idris (UPSI)**

Paper Title and Author(s)

Paper Title	Author(s)
The mediating effect of same gender in the relationship between mentoring program and individuals' career.	Nek Kamal Yeop Yunus, Azman Ismail, Michael Kho Khian Jui and Salomawati Ishak
The practices of quality control circle in manufacturing in industry.	Rohaizan Ramlan, Abd Rahman Ahmad and B. Kellynn
Type behavior personality and gender difference in managing stress.	Datu Razali Datu Hj. Eranza, Fumitaka Furuoka and Roselina Ahmad Saufi
The influence of transformational leadership style on job satisfaction in cooperative and small business enterprise (SME), the mediating role of trust in supervisor.	Laila Saleh Marta' and Emma Yulianti
The influence of transactional and transformational leadership styles, organizational commitment to organizational citizenship behaviour (OCB).	Emma Yulianti and Laila Saleh
Knowledge Management Pitfalls: A Review And Suggestions.	Baharom B. Abdul Rahman, Norizan Mat Saad and Mahmod Sabri B. Harun

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The 4th International Conference of AAAB 2009

Concurrent Session IV (D)

DAY 2

Friday, 18 December 2009

Time: 0830 - 1000

Paper Track: Marketing

**Session Chairperson: Assoc. Prof. Dr. Ahasanul Haque
International Islamic University Malaysia**

Paper Title and Author(s)

Paper Title	Author(s)
The influence of "Brand Name" to consumer product search and purchase decision when shopping in the Internet: Study on Malaysian consumers.	Ahasanul Haque and Sabbir Rahman
The effect of switching cost in customer's view on customer loyalty in service context.	Saowanee Srikanjanarak
When the customer writes his own story a segmentation scheme for the life insurance market.	Jomar F. Rabajante and Allen L. Nazareno
A study on the psychographic factors that influence the usage of ATM cards and credit cards.	Caroline Geetha, Vivin Vincent Chandran and Rosle Mohidin
The effectiveness of the promotional tools in creating awareness toward customers of Islamic banking in Malaysia.	Asmawi Bin Hashim and Jasmani Binti Mohd Yunus

* Please refer to Collection of Abstracts

The Influence of Transformational Leadership Style on Job Satisfaction in Cooperative and Small Business Enterprise (SME), The mediating Role of Trust in Supervisor

Laila Saleh & Emma Yulianti
Faculty of Management STIE Perbanas Surabaya
Jl. Nginden Semolo 34 to 36, Surabaya 60293, Indonesia
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Abstract

This research wants to examine the effect of Transformational Leadership Style to Job satisfaction through trust to supervisor as mediating variabel. Research conducted in seven Small Business Enterprises (SME) in Surabaya and involved 70 employee as samples. Transformational was measured from four dimentions: Idealized Influence, Inspirational motivation, Intellectual inspiration, individualized consideration. Trust to supervisor was measured from two dimensions: Affective Aspect, Cognitive Aspects. Cognitive aspects related to the reasons considered or thought of someone to trust others. In this case one would trust anyone else after considering a variety of behaviors of people who believe. Job satisfaction was measured from five dimensions of satisfaction: satisfaction with the work itself, satisfaction with salary, promotion opportunities, supervisors and to coworkers. The research result indicate that Transformational leadership style influence the job satisfaction directly.

Keywords: Transformational leadership, job satisfaction, trust to supervisor

1. Introduction

Experience shows that rely on development patterns of economic growth of large businesses are not successful. That economic growth that was supported by a relatively small scale enterprise is more stable. Empirical data prove that SME have been better able to withstand the various economic shocks. SME not negatively affected by economic crisis. Thus an urgent need for our society to pay more attention to the development SME

As one form of economic organization, SME has no different than other organizations. Thus, to accelerate the development of cooperatition and SME, need to be considered important factors that could encourage the development of an organization. One such important factor is the change of mental attitude and behavior of organizational members of SME. This means that if SME want to grow the organization's members should also be changed for the better. Change in mental attitude and behavior of members of the organization certainly can not just happen. To realize these changes, of course, important role of a leader is needed. It can not be separated from the nature of Indonesian society in general which is paternalistic society, the people who always make the leadership as a role model. Thus the role of leader is needed who can be a driving force in the organization toward change and ultimately achieve organizational effectiveness.

Based on the results of several empirical studies show that leadership affects organizational effectiveness. Podsakoff et al, 1990 (in Podsakoff, MacKenzie & Bommer, 1996) in Bass (2001) notes

that the majority of research suggests that leadership provides vision for the future articulation of the organization, provides a model that is consistent with the vision, develop clear goals that group, provide support to individuals, as well as improve the performance of subordinate organizations exceeds the minimum level. As Bass and Avolio (1990.1992) in Bass (2001) states in his research that leadership is positively related to individual performance, job satisfaction and effectiveness. Leadership is also often associated with subordinate satisfaction, trust (trust) and subordinate commitment (Hater and Bass, 1988; Podsakoff, et al, 1996 in Barling: 2000).

But the problem, is it true transformational leadership style affects employee job satisfaction SME in Surabaya and its surrounding with the belief variables are mediated by the employer. Further research needs to be done in order to accelerate the development of SME in Surabaya and surroundings. Thus researchers interested in conducting research under the title:: The Influence of Leadership Style and Faith In Trsansformasional boss of Employee Satisfaction Cooperatives and Small Medium Enterprises (SME) in Surabaya and its surrounding

. 2. Reviews theories and hypotheses

2.1 Transactional and transformational leadership styles

a. Transformational leadership styles, where leaders motivate subordinates to expand and improve their objectives, inspire them to believe in themselves and act beyond expectations (either explicitly or implicitly). Transformational leaders influence subordinates through: (i) Idealized influence or charisma: Leaders instill pride, honesty, and respect, and instill a sense of Mision, acting as positive role models in behavior, attitude, achievement and commitment to subordinates. (ii) Inspirational motivation which transformational leader communicates high expectations, uses symbols to focus efforts or actions of subordinates, expresses important purposes in simple ways, generate teamwork, enthusiasm and optimism, (iii) Intellectual inspiration where leaders encourage subordinates to come up with new ideas, creative thinking, emphasis on problem solving and consideration before acting. (iv) where individualized consideration, transformational leaders delegate tasks to stimulate learning experiences, providing training and acting as mentors, treating each subordinate individually, interact and communicate personally with subordinates, accept and appreciate individual differences in interests and needs.

2.2 Organizational Commitment

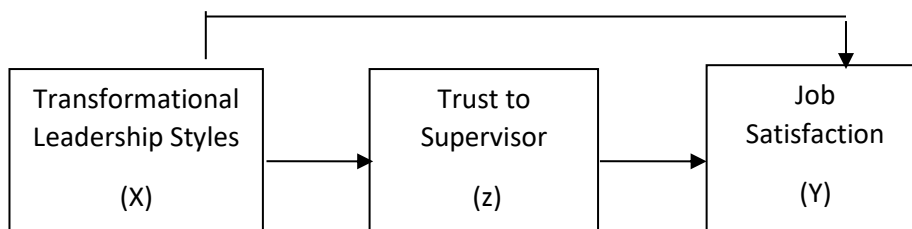
Job satisfaction refers to an individual's general attitude toward work Robbins (2006: 460). While Lokce, 1976, quoted by Luthans (2006:) explains that job satisfaction is a positive or negative feelings toward one's job. Someone with a high level of job satisfaction shows a positive attitude toward the work; someone who is not satisfied with his work showing a negative attitude toward the job. Kreitner and Kinicki (2003:271) states that job satisfaction is an effective or emotional response to the various aspects of the job. More and more aspects of the job based on the individual's intentions, the higher the level of satisfaction he felt, and vice vers to measure employee satisfaction on various aspects of the work environment it faces. Jdi measuring five dimensions of job satisfaction include: satisfaction with the work itself, satisfaction with salary, promotion opportunities, supervisors and to coworkers.

2.3 Trust to Supervisor

To maintain success in a relationship with the leadership, the trust is required. Trust is one of the most important factor to maintain the relationship between employees with leadership. Confidence in the boss means that the employee believes that the affective aspect includes the emotional bond between the individual and the cognitive aspect that includes the basic awareness that one can choose who will believe. Some experts explain that the trust can develop effective leadership becomes more important (Hogan, Curphy and Hogan, 2001: 15). In this study, trust is assumed as a trust to a particular person or party. According to Mc Allister (2005: 2) dimensions of interpersonal trust aAffective Aspect. Affective aspect is the foundation of trust that includes the emotional bond between individuals. Affective aspects of the concept of interpersonal trust is an emotional state or feelings of someone, when to trust others. Someone who believes other people will feel confident that people who believed to provide an appropriate response. The second dimension was Cognitive Aspects. Cognitive aspects related to the reasons considered or thought of someone to trust others. In this case one would trust anyone else after considering a variety of behaviors of people who believe. Behaviors that are considered include: The professionalism and dedication, competence in the work, not hard work, fostering a sense of trust and respect, and can be trusted.

2.6 Relationship between Transformational Leadership Styles, Trust to supervisor and Job satisfaction

Transformational leadership style can trust meningkatkan against employers and employees in the kahirnya will increase employee job satisfaction. Socialize transformational leader's vision and mission so that shows that they have a strategic plan and demonstrate competence. In addition, transformational leaders provide the best example that can make employees feel that the leader has integrity. Transformational leaders also provide individual attention to employees, which indicates that more leaders put the interests of employees. This will increase the confidence of employees against their leaders. At the end of trust in superiors would encourage employee job satisfaction. Belief in basically the boss is the willingness to accept everything said by the leader. Thus the framework can be built is as follows:



Gambar 3.1 Framework of Thinking

Based on the theoretical exposure and previous studies, the research hypotheses proposed in this study are as follows:

H1: transformational leadership style significantly directly affects employees' job satisfaction of Cooperatives and Small Medium Enterprises (SME) in Surabaya and its surrounding

H2: transformational leadership has effect on trust to supervisor of employees of Cooperatives and Small Medium Enterprises (SME) in Surabaya and its surrounding

H3: transformational leadership style significantly influence job satisfaction to employees of Cooperatives and Small and Medium Enterprises (SME) in Surabaya and its surrounding through trust to supervisor as intervening variable.

3. Research methods

3.1 Research Design

Research design is a framework or blueprint (blue print) as the main guideline in conducting the entire series of activities in research (Maholtra, 1999). Design research can be viewed from many different perspectives. Based on objective perspective, this research is hypothesis testing research. Based on the perspective of the investigation, this research includes the study of causal studies that test the causal relationship of several variables (have now, 2003). The data collection method based on this research, including survey research (Umar, 2003).

3.2 Variables and operational definitions

The operational definition of each variable is as follows:

A. Independent Variable (X), namely transformational leadership style
Transformational leadership style is how leaders change the perception, attitudes, and behavior of subordinates, as measured by the indicators as follows:

1. Charisma

The respondent statement about how the behavior of a leader in providing vision and sense of mission, instill pride, gain respect and trust

2. Inspiration

The respondent statement about how the behavior of leaders in communicating high expectations, using a symbol-a symbol to focus efforts, expresses important purposes in simple ways.

3. Intellectual stimulation

The respondent statement about how the behavior of leaders in promoting intelligence, rationality and careful problem-solving.

4. Individual Consideration

The respondent statement about how the behavior of a leader in providing personal attention, treats each employee individually, train and advise

B. Dependent variable (Y), job satisfaction

Job satisfaction is a statement about the perceived level of satisfaction on the role or job within the organization. Job satisfaction may reflect a person's feelings toward his job. Satisfaction is measured by indicators of the following indicators:

a. Employment Itself

Respondents' perceptions of work / tasks carried out in accordance with job descriptions that already exist so the job / task to be interesting and fun, not stressful, can improve performance.

b. Compensation

Perceptions of respondents about the adequacy of salaries for the simple life, suitability salary when compared with work performance, expectations and their working lives as well as secondary needs.

c. Opportunity Campaign

Perceptions of respondents about the opportunities for promotion and career development of a just and fair is divided so that in accordance with expectations.

d. Supervision

Respondents' perceptions about attention supervision / employer to its employees, supervisory skills / employer in mastering the aspects related to the employee's job and caught up with problems in work unit.

e. Coworkers

Perceptions of respondents about the feelings of employees at the time were among co-workers and work groups, fitness personality traits co-workers, as well as responsibility for the job.

C. Mediator variable (Z) Trust in supervisor

It was perception of respondent that the employee believes the Affective aspects which include the emotional bond between individuals. and Cognitive Aspects related to the reasons considered or thought of someone to trust others.

3.3 Population and sample

Population in this research is the employee of cooperation and small medium enterprises in Surabaya. Sampling method used is the nonprobability sampling, purposive sampling, where sample members selected according to the criteria researchers (have now, 2003). Sample members are employee who have worked at least for one year. The number of samples in this study of 70 employee.

3.4 Research Instruments

a. Transformational leadership

Measurement of these variables using the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1985). The technique of scale in this study using a Likert scale of 1-5

b. Trust in Supervisor

It was modification of instrument made by Mc Allister (2005). the Affective aspects which include the emotional bond between individuals. and Cognitive Aspects related to the reasons considered or thought of someone to trust others. Its measured by 1-5 Likert type scale

c. Organizational Citizenship Behavior (OCB)

Job satisfaction is a statement about the perceived level of satisfaction on the role or job within the organization. Its measured by JDI instrument with 1-5 Likert scale.

3.5 Technical Analysis

This research used a regression analysis with the intervening variables / mediation as proposed by Barron and Kenny (1986). Regression steps are as follows:

a. Direct influence of variable regression of X on Y (Hypothesis to-1)

To determine the direct influence of transformational leadership style (X) on job satisfaction (Y):

$$Y = \alpha + bX + e \dots\dots\dots(1)$$

b. Direct influence of variable regression of X on Z (2nd hypothesis)

To determine the influence of transformational leadership style variable (X) of the Trust in the supervisor (Z)

$$X = \alpha + BZ + e \dots\dots\dots(2)$$

c. Regression variable indirect effect of X on Y through Z (Hypothesis to 3)

$$Y = \alpha + b1X + b2Z + e (3)$$

Where:

Y = Job Satisfaction

X = transformational leadership style

Z = Trust in supervisor

b and b1 = regression coefficient

α = Constant

e = standard error / mistake bully.

4. Analysis and discussion

4.1 Descriptive Analysis

Subject / respondents in this study are employees of Cooperatives and Small and Medium Enterprises SME in Surabaya and surroundings. SME who became the object of study chosen by the method of non-probability sampling convenience. This method is a method of convenience sampling, which the researchers chose a sample based on the easiest way to obtain research data (Nur Indriantoro and Bambang Supomo, 2002: 130). Researchers chose the method with the consideration that the researchers did not know the terms of the sample frame. There's 7 SME become the object and 70 respondents.

The Descriptive analysis of respondents by sex is as follows: Based on the result of descriptive analysis, the number of male respondents is more than women, which is as 40 male respondents, or 57.1%, while women is 30 people or 42.9%.

Based on the descriptive analysis result, it can be seen that the proportion of respondents based on the age group $20 < x \leq 25$ years is for 30 people or 42.9% of the total respondents. The smallest proportions are in the age group $> = 45$ years, for 1 person or 1.4% of the total respondents.

Based on the descriptive analysis result, it can be seen that the composition of the respondents for $1 \leq X < 3$ years, is 57.1%, of total respondents.

Based on the descriptive analysis result, it can be seen that the composition of respondents by education level with the largest proportion of high school diploma by 50%, of total respondents.

The total respondents responded "agree" that their leaders demonstrate transformational leadership style. This can be seen from the average size of the mean response of 3.89 respondents who are "agreed". Based on the responses of respondents of their leaders showed the highest skor was the motivating force that can provide inspiration, as indicated by the mean of the highest average of 4.31 on X67 items. The lowest score is the response of respondents who stated that the leaders showed less attitude individual employee issues. This was stated by an average score of 3.33 on X56 items.

From the result shows that respondents' responses to confidence in superiors included in the category agree. with an average score of 3.82. Thus the respondents agreed that they have a sense of trust toward the leader.

Based on the analysis result, it can be seen that the average rmean of respondent response to the statement of job satisfaction is 3.61, which means being at intervals agreed. Thus the respondents felt agree to the statement of work satisfaction. In general they are satisfied with various aspects of their work.

The variable of transformational leadership style and trust in the supervisor all valid. The job satisfaction instrument has two items that are not valid i.e Y46 and Y47. Invalid items removed from the analysis, and subsequent reliability tests performed. the reliability of each variable are : Gaya Kepemimpinan Transformasional (X) 0,90 Trust to supervisor (Z) ,86 and job satisfaction is 0,89

4.2. Hypothesis Test

Based on analysis data shows that F and t tests was significant, that transformational leadership style directly affects the job satisfaction. Thus the regression equation obtained as follows:

$$Y = 29.909 + 13.146 X_1 + e$$

F test was significant (less than 0.05) demonstrated the value of F test of significance and significance was 0.0000. T test (partial testing) for transformational leadership style which means that significant value is less than 0.05 indicates so the first hypothesis received,. There is a direct effect between transformational leadership style and job satisfaction SME's employee in Surabaya and surroundings.

Direct influence of variable regression of X on Z (2nd hypothesis)

To determine the influence of transformational leadership style variable (X) of the Trust in supervisor (Z) , $X = \alpha + BZ + e$ (2)

For the second hypothesis, F and t tests showed significant results that transformational leadership style (X) directly affects trust to the supervisor (Z). Thus the regression equation obtained as follows:

$$Z = 2.119 + 0.436 X + e$$

F test is significant (less than 0.05) demonstrated the value of F test of significance and t test (partial testing) was 0.0000. It indicates that the second hypothesis was accepted, so there is a significant influence transformational leadership style on trust in the supervisor SME' in Surabaya and surroundings.

Based on F test scores, Transformational Leadership style (X) and trust in the supervisor (Z) together have a significant impact on job satisfaction variable (Y). It is seen from the large level of significance of 0000 which is smaller than 0.05. But when we look at the partial effect of each variable according to t-test , it can be concluded that only the transformational leadership style (X) that affect job satisfaction (Y). While trust in the supervisor did not significantly affect the Job Satisfaction variable (Y), with a significance level of 0.189 (more besr than 0.05)

4.3 Discussion

Based on the results of data analysis, it can be concluded that transformational leadership style directly affected the employees' job satisfaction of employee of SME in Surabaya and surroundings. Thus the first hypothesis which states that the force of transformational leadership significantly directly affects job satisfaction was accepted. This can be explained that in general SME employees who were respondents in this study acknowledged that their leader has demonstrated transformational leadership style. SME Structure loose tend to make the relationship between leaders and employees are informal. Leaders seek to influence employees through charisma, an ideal example and give individual attention to employees and motivate employees with an informal approach.

Transformational leadership style has proved a significant impact on employee job satisfaction. The higher the transformational leadership style of employees the greater the perceived job satisfaction. Further more, trust did not act as mediating variabel in this research so the third hypothesis was refused. Transformational leadership style influence employee job satisfaction directly not through trust to supervisor.

Based on research results and limitations, it is recommended should:

a. For Agency:

1. The leader of cooperation and SME have shown transformational leadership for certain aspect. In the future it's need the development of transformational leadership styles through leadership training. Such training can improve the leader competence and then can improve the employee job satisfaction.

b. For further study:

1. Establishing a model of relationships between different variables are presented in this study. For example, by linking the variables with moderating models.

2. Involve other variables such as organizational commitment, such variable are believed to have an influence on Job satisfaction. Researchers can also examine the role of organizational commitment variable as a variable pemediasi or pemoderasi relationship between leadership styles and OCB and conduct research on different objects.

3. Subsequent research can also use longitudinal data and expand the research samples

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