

The Impact of Entrepreneurial Leadership on Organizational Performance A Case of Credit Cooperatives in Bali Indonesia

Wayan Gede Supartha and Amrita Nugraheni Saraswaty
Faculty of Economics and Business, University of Udayana, Bali, Indonesia

Abstract: In Bali Indonesia, the financial institution which supports the development of the people's economy is the cooperative. However, not all cooperatives are categorized as healthy. As some cooperatives are categorized as unhealthy, improvements and guidances are needed, especially in terms of the leadership of cooperative managers and the organizational commitment of cooperative employees. This research aim to analyze the effect of entrepreneurial leadership on organizational performance and the mediating role of organizational commitment in the influence of both variables on credit cooperatives in Tabanan Regency Bali Province Indonesia. The research population consists of 210 cooperative industries, 136 samples conducted using proportional random sampling method collected by the 10 districts. The analysis method used is the path analysis. The research result shows that entrepreneurial leadership of cooperative managers and the organizational commitment have influences on organizational performance. Likewise, entrepreneurial leadership has an influence on organizational commitment. To improve the performance of the cooperatives, there is a need to strengthen the entrepreneurial leadership of the cooperative managers and increase the organizational commitment.

Key words: Entrepreneurial leadership, organizational commitment, performance, random, financial, analysis

INTRODUCTION

In easing the capital access for rural areas, the credit cooperatives are largely needed (Abdulmalik and Bambane, 2016). The research conducted by Chetama *et al.* (2016) stated that micro-finance institutions greatly support the development of small businesses. Dagnew and Kaur (2016) conveyed that micro-finance institutions play a great role in increasing the expenditure of the people in villages. Asor *et al.* (2016) proved that micro-finance institutions greatly contribute in the development of micro businesses. Madume *et al.* (2016) stated that micro-finance institutions greatly contribute in the development of micro businesses.

To improve the role of cooperatives, the management of cooperatives must also be strengthened to improve the ability of the cooperative managers in leading the cooperatives and also to increase the organizational commitment of employees. Boyne and Dahya (2002) stated that leadership in an organization can improve the organizational performance significantly. Aragon-Correa *et al.* (2007) stated that leadership has a positive and significant influence on organizational performance. Victor *et al.* (2008) stated that transformational leadership has a positive influence on the organizational performance. Arthur and Huntley (2005) stated that leadership has a significant influence on

organizational performance. Koech and Namusonge (2012) found that leadership style does not significantly influence organizational performance. Mgeni (2015) stated that leadership style does not have significant influence on organizational performance. This is the research gap in which the mediating variable between entrepreneurial leadership and organizational performance should be analyzed.

Muchiri (2002) stated that transformational leadership has a positive and significant influence on organizational commitment and organizational performance. Prabhu and Robson (2000) revealed that the commitments of leader and senior officials have a strong influence on the organizational commitment and organizational commitment has an influence on organizational performance. Huang *et al.* (2014) conveyed that leadership has an influence on organizational performance with dynamic research environment as the mediator. Chiu and Chien (2012) found that knowledge sharing by leaders have a positive influence on organizational performance with the knowledge absorption ability as the mediator. Chen (2004) stated that leadership has an influence on organizational commitment and organizational performance.

Altinay *et al.* (2008) revealed that good human resource management practices are able to increase small business's performance. Anthony and Michael (2016)

stated that the increase in discipline and commitment are able to significantly increase the organizational performance. Arsyad (2014) stated that research discipline and organizational commitment can significantly increase organizational performance. Danish *et al.* (2013) found that organizational commitment mediates the influence of knowledge sharing of leaders on the organizational performance. Michie and West (2004) revealed that psychological consequences and organizational commitment has an influence on organizational performance. This means that organizational commitment has a direct influence on organizational performance.

In Bali, the financial institution which supports the development of the people's economy is the cooperative. However, not all cooperatives are categorized as healthy. As some cooperatives are categorized as unhealthy, improvements and guidances are needed, especially in terms of the leadership of cooperative managers and the organizational commitment of cooperative employees. Based on the observation on 15 cooperatives in Tabanan Regency, there are 3 cooperatives in which the performance are unhealthy, 5 cooperatives in which the credits are corrupted by the cooperative managers and results in the disruption of the cooperative's operations. There are 5 cooperatives in which the assets remain small, in other words do not grow significantly over the last 10 years. There are 2 cooperatives with Non-Performing Loans (NPL) above 5% from the total credit issued. Entrepreneurial leadership and organizational commitment is allegedly able to increase organizational performance.

This means in the attempt to increase the organizational performance, cooperatives should have a strong entrepreneurial leadership which can improve employee's commitment towards the organization in order to increase the organizational performance. Therefore, there is a need to conduct and analyze a study regarding the mediating role of organizational commitment in the influence of entrepreneurial leadership on organizational performance on credit cooperatives in Tabanan Regency of Bali Province Indonesia.

Literature review

Entrepreneurial leadership: Ireland *et al.* (2003), stated that leadership is the ability to influence others through the management of strategic resources in the attempt to focus on two matters, namely searching for opportunities and daring to take risks, must be owned by entrepreneurially oriented leaders. Gupta *et al.* (2004) explained that entrepreneurially oriented leaders is an entrepreneur leadership style. Fernald *et al.* (2005) conveyed that entrepreneurial leadership is among the leadership styles to anticipate the uncertainties in the business environment.

Entrepreneurial leadership can be said to be the activity conducted by cooperative managers in planning, organizing, operating, monitoring, transparency and communicative in leading subordinates and other parties, as well as searching for opportunities, taking risks and have the entrepreneurship mentality to achieve their goals. This can be used to review the entrepreneurial leadership of cooperative managers. The indicators of entrepreneurial leadership are performing the management functions, exemplary, adhere to the rules, transparency, able to represent the cooperative and increase the welfare or cooperative employees.

Organizational commitment: Meyer and Herscovitch (2001) explained to differentiate the characteristics of commitment stated by experts, the 3-component model of commitment needs to be introduced, namely affective commitment, continuance commitment and normative commitment. Testa (2001) stated that organizational commitment can be viewed as the positive assessment regarding the research environment. Mogotsi *et al.* (2011) explained that informally, organizational commitment is a measurement of the trust and loyalty of employees on the organization.

Thus, organizational commitment is the relationship between employees and the organization which is shown by the strong desire to be a member of the organization, involving themselves in the organization's activities, the feelings of attachment, trust and loyal to the organization, accept the organizational values and goals as well as willing to research hard in order to achieve the organizational goals and continuity.

The indicators of organizational commitment used are the indicators referred from the organizational commitment aspects by Meyer and Herscovitch (2001). There are affective commitment which is related to the identity, group values and individual involvement. Normative commitment which is related to the internationalization of the organizational norms and loyal to the organization. Continuance commitment which is related to the contribution of employees to the organization and the perception of employees regarding their loss if they leave the organization.

Organizational performance: Barney *et al.* (2001) explained that the comprehension and definition of organizational performance in academic literatures and in several management studies varies which makes it remain as an issue and is continuously being developed. Ricardo and Wade (2001) stated that the development of organizational performance is related with the concept of effectivity, efficiency, economy, quality, behavior consistency and normative actions. According to Garvea *et al.* (2012), there are no universal definition of

organizational performance. There are some aspects to picture the concept of organizational performance are performance is the financial and non-financial tool devised to inform regarding the achievement of the goals and results, performance is dynamic, requires judgement and interpretation, performance is illustrated with the use of the quality model which explains how actions can influence the upcoming results.

Thus, organizational performance is the research result (encompasses effectivity, efficiency, economy, quality, consistency and norm) which can ensure the organizational goals to be achieved in line with the vision, mission and objectives of the organization. To evaluate the organizational performance, the indicators used are service to customers, the loan interest level, the saving interest level, training/development of employees and the profit of the cooperative.

The influence of entrepreneurial leadership on organizational performance: Several studies have discussed the influence of entrepreneurial leadership on organizational performance are Boyne and Dahya (2002), who stated that leadership in organizations can significantly increase organizational performance. Ele *et al.* (2016) revealed that leadership has a positive and significant influence on organizational performance. Garcia-Morales *et al.* (2008) stated that transformational leadership has a positive influence on organizational performance. Arthur and Huntley (2005) stated that leadership has a significant influence on organizational performance. Koech and Namusonge (2012) found that leadership style does not have significant influence on organizational performance. Mgeni (2015) conveyed that leadership style does not have significant influence on organizational performance.

- H₁: entrepreneurial leadership will be positively related to organizational performance

The influence of entrepreneurial leadership on organizational commitment: Some studies that have discussed the influence of entrepreneurial leadership on organizational commitment are by Muchiri (2002) who stated that transformational leadership has a positive and significant influence on organizational commitment and organizational performance. Prabhu and Robson (2000) stated that leadership commitment and senior officers have strong influences on organizational commitment and organizational commitment has an influence on organizational performance. Huang *et al.* (2014) explained that leadership has an influence on organizational performance with dynamic research environment as the

mediator. Chiu and Chien (2012) found that knowledge sharing by leaders has a positive influence on the organizational performance with knowledge absorption as the mediator. Chen (2004) also stated that leadership has an influence on organizational commitment and organizational performance.

- H₂: entrepreneurial leadership will be positively related to organizational commitment

The influence of organizational commitment on organizational performance: Several studies have discussed the influence of organizational commitment on organizational performance are Altinay *et al.* (2008) conveyed good human resource management practice is capable of increasing the performance of small businesses. Anthony and Michael (2016) stated that the improvement in discipline and commitment is able to significantly increase the organizational performance. Arsyad (2014) stated that research discipline and organizational commitment are able to significantly improve organizational performance. Danish *et al.* (2013) revealed that organizational commitment mediates the influence of knowledge sharing of leaders on the organizational performance. Likewise, stated by Michie and West (2004), psychological consequences and organizational commitment have influences on organizational performance.

- H₃: organizational commitment will be positively related to organizational performance

Conceptual framework: Boyne and Dahya (2002) stated that leadership in an organization can improve the organizational performance significantly. Aragon-Correa *et al.* (2007) stated that leadership has a positive and significant influence on organizational performance. Garcia-Morales *et al.* (2008) stated that transformational leadership has a positive influence on the organizational performance.

Muchiri (2002) stated that transformational leadership has a positive and significant influence on organizational commitment and organizational performance. Prabhu and Robson (2000) revealed that the commitment of leaders and senior officials have a strong influence on the organizational commitment and organizational commitment has an influence on organizational performance.

Altinay *et al.* (2008) revealed that good human resource management practices are able to increase small business's performance. Anthony and Michael (2016)

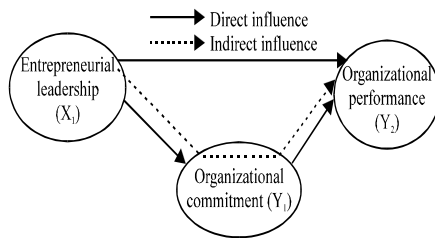


Fig. 1: Conceptual framework

stated that the increase in discipline and commitment are able to significantly increase the organizational performance. The conceptual framework of this research is displayed in Fig. 1.

MATERIALS AND METHODS

Population and sample: The population in this research consists of 210 cooperative industries in 10 districts of Tabanan Regency, Bali Province Indonesia. The total sample is determined using the Slovin formula (Hair *et al.*, 2010). With an error leniency percentage of 10%, the total sample in this research is 136 cooperative industries.

The data collection method used are observation by conducting direct observations on the selected cooperatives, structured interview by conducting direct interviews on the respondents using questionnaires.

The data analysis method: The data analysis and processing are conducted utilizing the path analysis. The relationship between variables are analyzed to determine the direct influence and indirect influence between a set of independent variable (exogenous) on the dependent variable (endogenous). The path analysis model is a causality relationship pattern or a set of hypothesized causal asymmetric relation among the variables (Hair *et al.*, 2010).

RESULTS AND DISCUSSION

Demographic characteristics of respondents: The characteristics of respondents are explained as follows: based on the gender, there are 94 males (69.1%) and 42 females (30.9%). In terms of education level; 42 people (30.9%) have a bachelor degree, 52 people (38.2%) have an associate degree and 42 people (30.9%) have completed their high school education. In terms of age; There are 86 respondents (63.2%) aged between 35-45 years old, 42 respondents (30.9%) aged between 46-56 years old, 4 respondents (2.9%) aged above 55 years old and there are 4 respondents (2.9%) aged below 35 years old. In terms of longevity; There are 67 respondents

(49.3%) with a longevity of <5 years, 66 respondents (48.5%) with a longevity between 6-10 years and 3 people (2.2%) with a longevity of >10 years.

Variable description: The criteria of respondent's perception is based on the Tri Box Method (Hair *et al.*, 2010) namely : 1.0-2.3 = low (not good); 2.4-3.7 = moderate (good enough) and 3.8-5.0 = high (very good).

The entrepreneurial leadership: The descriptions for the entrepreneurial leadership are managers perform the management function well enough, managers show exemplary behaviors is categorized as not good, managers highly abide by the regulation is categorized as good enough, the transparency of managers in performing their tasks is categorized as good enough, managers are able to represent the cooperatives is categorized as not good and managers are able to improve the welfare of employees is categorized as good enough.

The organizational commitment: The descriptions for the organizational commitment variable are employees always find solutions to overcome the cooperative issues is categorized as good enough, employees have a sense of ownership towards the cooperative is categorized as not good, employees are loyal to the cooperative is categorized as good enough, employees feel a loss if they resign from the cooperative is in the category of not good and employees feel that there is no other organization they can work in is in the good enough category.

The organizational performance: The descriptions for the organizational performance are cooperatives provide timely saving and loan service is categorized as not good, cooperative provides lower loan interest than the bank interest level is categorized as good enough, cooperatives provide saving interest level that is higher than banks is categorized as good enough, cooperatives assign employees to participate in trainings is categorized as good enough and cooperatives always attain profit is categorized as not good.

Factor analysis results

Entrepreneurial leadership factor analysis: The entrepreneurial leadership of cooperative managers variable (X_1) is measured using six indicators, namely; managers perform the management function well, Managers show exemplary behavior, managers abide by the law, managers are transparent in their task, managers are able to represent the cooperative and managers are able to improve the welfare of employees. Displayed in

Table 1: Factor analysis results for the entrepreneurial leadership of cooperative managers variable (X_1)

Indicators	Loading factor
Managers perform the management functions well ($X_{1,1}$)	0.969
Managers show exemplary behavior ($X_{1,2}$)	0.885
Managers abide by the law ($X_{1,3}$)	0.930
Managers are transparent in performing their tasks ($X_{1,4}$)	0.965
Managers are able to represent the cooperatives ($X_{1,5}$)	0.964
Managers are able to improve employee's welfare ($X_{1,6}$)	0.978

Table 2: Factor analysis result for the organizational commitment (Y_1)

Indicators	Loading factor
Employees find solutions to overcome problems ($Y_{1,1}$)	0.957
Employees have a sense of ownership on the cooperative ($Y_{1,2}$)	0.906
Employees are loyal to the cooperative ($Y_{1,3}$)	0.915
Employees feel a loss if they resign from the cooperative ($Y_{1,4}$)	0.958
Employees feel that they have no option to work in other organizations ($Y_{1,5}$)	0.936

Table 3: Factor analysis results for the organizational performance variable (Y_2)

Indicators	Loading factor
Cooperatives provide timely loan and saving services ($Y_{2,1}$)	0.942
Cooperatives have a loan interest level lower than bank interest ($Y_{2,2}$)	0.870
Cooperatives have a saving interest level higher than bank interest ($Y_{2,3}$)	0.949
Cooperatives assign employees to participate in trainings ($Y_{2,4}$)	0.936
Cooperatives always attain profit ($Y_{2,5}$)	0.939

Table 1 is the factor analysis results for the entrepreneurial leadership of cooperative managers variable (X_1).

The organizational commitment factor analysis: The organizational commitment variable (Y_1) is measured by using five indicators, namely: employees always find solutions to overcome the cooperative problems, employees have a sense of ownership towards the cooperative, employees are very loyal to the cooperative, the employees will feel a loss if they resign from the cooperative and employees feel that there are no other organization they can work in. The results of the factor analysis for the organizational commitment (Y_1) variable is displayed in Table 2.

The organizational performance factor analysis: The organizational or cooperative performance variable (Y_2) is measured using five indicators, namely cooperatives provide timely loan and saving services, cooperatives have a loan interest level lower than bank interest, cooperatives have a saving interest level higher than bank interest, cooperatives assign employees to participate in trainings and cooperatives always attain profit. The factor analysis results for the organizational/cooperative performance variable (Y_2) is displayed in Table 3.

Path analysis results

The path analysis on the direct influence of entrepreneurial leadership (X_1) on the organizational commitment (Y_1): The path coefficient results of the entrepreneurial leadership of cooperative manager variable (X_1) on organizational commitment (Y_1) can be seen in Table 4.

The path coefficient results of the entrepreneurial leadership of cooperative managers (X_1) on organizational commitment (Y_1): Based on Table 4, the standardized beta coefficient of the entrepreneurial leadership variable (X_1) is 0.865 with a significance level of 0.000. This means that entrepreneurial leadership of cooperative managers (X_1) has a positive and significant direct influence on organizational commitment (Y_1).

The path analysis on the direct influence of entrepreneurial leadership (X_1) and organizational commitment (Y_1) on organizational performance (Y_2): The path coefficient of entrepreneurial leadership (X_1) and organizational commitment (Y_1) on organizational performance (Y_2) can be seen on Table 5. Based on Table 5, it can be seen that the standardized beta coefficient or the cooperative manager leadership variable (X_1) is 0.338 with a significance level of 0.000. This shows that entrepreneurial leadership (X_1) has a positive and significant direct influence on the organizational or cooperative performance (Y_2). The standardized beta coefficient of the organizational commitment variable (Y_1) is 0.637 with a significance level of 0.000. This means that organizational commitment (Y_1) has a positive and significant direct influence on organizational or cooperative performance (Y_2).

The mediating role of organizational commitment (Y_1) in the influence of entrepreneurial leadership (X_1) on organizational performance (Y_2): The results of the path coefficient is illustrated to explain the overall empirical causal relationship among the entrepreneurial leadership variable (X_1), organizational commitment (Y_1) and organizational or cooperative performance (Y_2) which is displayed in Fig. 2. Based on the overall calculation results of the influence of variable X_1 on Y_1 and the influence of X_1 and Y_1 on Y_2 , the following explanations are made:

- H_1 : Entrepreneurial leadership has a positive and significant influence on organizational performance

Based on the test, the path coefficient of variable X_1 (entrepreneurial leadership) on variable Y_2 (organizational performance) is 0.338 with a significance level of 0.000. In this research, entrepreneurial leadership was found to

Table 4: The path coefficient results of the entrepreneurial leadership of cooperative managers (X_1) on organizational commitment (Y_1)

Dependent variable	Independent variable	Beta coefficient	t-value	Sig.	Description
Organizational commitment (Y_1)	Entrepreneurial leadership (X_1)	0.865	19.926	0.000	Significant

$R^2 = 0.748$

Table 5: The path coefficient of entrepreneurial leadership (X_1) and organizational commitment (Y_1) on organizational performance (Y_2)

Dependent variable/Independent variable	Beta coefficient	t-value	Sig.	Description
Organizational Performance (Y_2)				
Entrepreneurial leadership (X_1)	0.338	05.957	0.000	Significant
Organizational commitment (Y_1)	0.637	11.237	0.000	Significant

$R^2 = 0.892$

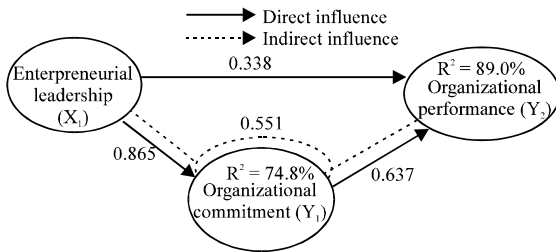


Fig. 2 : The empirical causal relationship of variable X_1 on Y_1 and Y_2

have a significant and positive influence on the organizational or cooperative performance. This means that the better the entrepreneurial leadership (of cooperative managers), the better the organizational or cooperative performance will be conversely, the worse the entrepreneurial leadership (of cooperative managers), the worse the organizational or cooperative performance will be.

- H_2 : Entrepreneurial leadership has a positive and significant influence on organizational commitment

Based on the test, the path coefficient of variable X_1 (entrepreneurial leadership) on variable Y_1 (organizational commitment) is 0.865 with a significance level of 0.000. In this research, entrepreneurial leadership (of cooperative managers) was found to have a significant and positive influence on organizational commitment. This means that the better the entrepreneurial leadership (of cooperative managers), the better the organizational commitment (of cooperative employees). Conversely, the worse the entrepreneurial leadership (of cooperative managers), the worse the organizational commitment (of cooperative employees).

- H_3 : Organizational commitment has a positive and significant influence on organizational performance

Based on the test, the path coefficient of variable Y_1 (organizational commitment) on variable Y_2 (organizational

performance) is 0.637 with a significance level of 0.000. In this research, organizational commitment was found to have a significant and positive influence on organizational performance. This means that the better the organizational commitment, the better the organizational or cooperative performance. Conversely, the worse the organizational commitment, the worse the organizational performance (cooperative).

The mediating role of organizational commitment in the influence of entrepreneurial leadership on organizational performance. The mediating role of organizational commitment can be seen from the path coefficient of X_1 (entrepreneurial leadership of cooperative managers) on variable Y_2 (organizational/cooperative performance) through variable Y_1 (organizational commitment) which is 0.551. In this research, entrepreneurial leadership (of cooperative managers) was found to have a positive influence on organizational/cooperative performance through organizational commitment. This means that the better the entrepreneurial leadership (of cooperative managers), the better the organizational commitment and organizational performance (cooperative). Conversely, the worse the entrepreneurial leadership (of cooperative managers) the worse the organizational commitment and organizational performance (cooperative).

The recapitulation of the test results regarding the influence of entrepreneurial leadership of cooperative managers (X_1) on organizational commitment (Y_1) and organizational / cooperative performance (Y_2) in Tabanan Regency can be seen in Table 6.

Based on Table 6, the total influence (Direct influence+Indirect influence) of the entrepreneurial leadership (cooperative manager) on organizational/cooperative performance is 0.889 which originates from 0.338 direct influence and 0.551 indirect influence. Based on this, the influence of entrepreneurial leadership (cooperative manager) on cooperative performance through organizational commitment (indirect influence) is greater than the influence of entrepreneurial leadership (cooperative manager) on organizational performance (direct influence).

The direct influence of entrepreneurial leadership of cooperative manager (X_1) on organizational commitment

Table 6: The path coefficient, direct influence and indirect influence of entrepreneurial leadership (X_1) on organizational commitment (Y_1) and organizational performance (Y_2)

Variable	Path Coefficient		
	Direct	Indirect through Y_1	Total influence
Entrepreneurial leadership (X_1) on organizational performance (Y_2)	0.338	0.551	0.889
Entrepreneurial leadership (X_1) on organizational commitment (Y_1)	0.865	-	-
Organizational commitment (Y_1) on organizational performance (Y_2)	0.637	-	-

(Y_1) is 0.865 and the direct influence of organizational commitment (Y_1) on organizational/cooperative performance (Y_2) is 0.637.

The influence of entrepreneurial leadership on organizational performance: The hypothesis test shows that the entrepreneurial leadership has a positive and significant influence on the organizational performance variable. The better the entrepreneurial leadership, the higher the cooperative performance. The increase in entrepreneurial leadership can be seen from good execution of the management functions, exemplary, compliance, transparency, increasing the welfare of employees and able to represent the cooperative. This result is consistent with the research by Boyne and Dahya (2002), Ele *et al.* (2016) and Garcia-Morales *et al.* (2008) which stated that leadership has a positive influence on the organizational performance.

The influence of entrepreneurial leadership on organizational commitment: The hypothesis test proved that entrepreneurial leadership has a positive and significant influence on the organizational commitment. The better the organizational leadership the higher the organizational commitment. This result is consistent with the research conducted by Muchiri (2002), Prabhu and Robson (2000), Huang *et al.* (2014) and Chiu and Chien (2012) which stated that leadership has a positive influence on organizational commitment.

The influence of organizational commitment on organizational performance: The hypothesis test proved that the organizational commitment has a positive and significant influence on the organizational performance variable. The higher the organizational commitment, the better the organizational performance. This result is consistent with the research conducted by Altinay *et al.* (2008), Michie and West (2004), Arsyad (2014), Danish *et al.* (2013) and Anthony and Michael (2016) which stated that organizational commitment has an influence on organizational performance.

The mediating role of organizational commitment in the influence of entrepreneurial leadership on the organizational performance.

The analysis results proved that organizational commitment has a significant role in mediating the influence of entrepreneurial leadership on organizational performance. This means that the better the entrepreneurial leadership the higher the organizational commitment and the higher the organizational performance. This shows that the organizational commitment is a partial mediator in the influence of entrepreneurial leadership on organizational performance.

CONCLUSION

Based on the discussion result, the following conclusions are made; Entrepreneurial leadership has a positive and significant influence on organizational performance. This means that the better the entrepreneurial leadership, the better the organizational performance of cooperatives in Tabanan Regency.

Entrepreneurial leadership has a positive and significant influence on organizational commitment. This means that the better the entrepreneurial leadership, the better the organizational commitment of cooperatives in Tabanan Regency.

Organizational commitment has a positive and significant influence on organizational performance. This means that the better the organizational commitment, the better the organizational performance of cooperatives in Tabanan Regency.

Organizational commitment has a role as the partial mediator in the influence of entrepreneurial leadership on organizational performance. This means that the better the entrepreneurial leadership, the stronger the organizational commitment and the higher the organizational performance of cooperatives in Tabanan Regency.

RECOMMENDATIONS

Referring to the discussions and conclusions, the following recommendations are given: some indicators of the organizational performance must be maintained, among others, loan interest level lower than the bank, saving interest level higher than the bank and provide trainings/certifications of profession for cooperative employees and to maintain an increasing profit level for the cooperative.

Some indicators of the organizational commitment needs to be maintained, among others employees always find solution, employees have a sense of ownership towards the cooperative and employees are loyal to the cooperative.

Some indicators of the entrepreneurial leadership must be maintained, among others perform the management functions (planning, operation and control) consistently in the cooperative's operations, managers are transparent in managing the finance and assets of the cooperative and managers should be able to improve the welfare of the cooperative employees.

REFERENCES

- Abdulmalik, U. and A.J. Bambane, 2016. Microfinance as a tool reducing poverty among women in katsina metropolis Nigeria. *Intl. J. Manage. Commerce Innovations*, 4: 151-160.
- Altinay, L., E. Altinay and J. Gannon, 2008. Exploring the relationship between the human resource management practices and growth in small service firms. *Serv. Ind. J.*, 28: 919-937.
- Anthony, A.E. and O. Michael, 2016. Effect of disciplinary action on employee performance in an organization: The case OG county education office human resource department, Turkana County. *Intl. Acad. J. Hum. Resour. Bus. Administration*, 2: 1-18.
- Aragon-Correa, J.A., V.J. Garcia-Morales and E. Cordon-Pozo, 2007. Leadership and organizational learning's role on innovation and performance: Lessons from Spain. *Ind. Marketing Manage.*, 36: 349-359.
- Arsyad, M., 2014. The Importance of working discipline to improve employee's working productivity of motor vessel manufacturing company in Makassar shipyard. *Bus. Manage. Strategy*, 5: 196-202.
- Arthur, J.B. and C.L. Huntley, 2005. Ramping up the organizational learning curve: Assessing the impact of deliberate learning on organizational performance under gainsharing. *Acad. Manage. J.*, 48: 1159-1170.
- Barney, J., M. Wright and D.J. Ketchen Jr., 2001. The resource-based view of the firm: Ten years after 1991. *J. Manage.*, 27: 625-641.
- Boyne, G. and J. Dahya, 2002. Executive succession and the performance of public organizations. *Publ. Administration*, 80: 179-200.
- Chen, L.Y., 2004. Examining the effect of organization culture and leadership behaviours on organisational commitment, job satisfaction and job performance at small and middle-sized firms of taiwan. *J. Am. Acad. Bus.*, 5: 432-438.
- Chetama, J.C., J. Dzanja, S. Gondwe and D. Maliro, 2016. The role of microfinance on growth of small-scale agribusinesses in Malawi: A case of lilongwe district. *J. Agric. Sci.*, 8: 1-84.
- Chiu, Y.W. and Y.C. Chien, 2012. The effect of knowledge-sharing on organizational performance: Organizational citizenship behavior and knowledge-absorption as mediators. *Intl. J. Inf. Tecnol. Bus. Manage.*, 36: 97-119.
- Dagnew, D.K. and R. Kaur, 2016. The impact of microfinance on household expenditure patterns: Evidence from amhara credit and saving institution, Ethiopia. *Intl. J. Manage. Soc. Sci.*, 4: 88-97.
- Danish, R.Q., Y. Munir, S. Nazir, H. Abbasi and H. Hunbal, 2013. Effect of knowledge sharing, participative decision making and transformational leadership on organizational performance. *World Appl. Sci. J.*, 24: 1339-1347.
- Ele, A.A., M.E. Ekanem and N. Ndem, 2016. The impact of microfinance banks on small scale businesses in cross river state: A case study of calabar metropolis. *Intl. J. Innovative Finance Econ. Res.*, 4: 25-31.
- Fernald, L.W. Jr., G.T. Solomon and A. Tarabishy, 2005. A new paradigm: Entrepreneurial leadership. *Southern Business Rev.*, 30: 1-10.
- Garcia-Morales, V.J., F. Matias-Reche and N. Hurtado-Torres, 2008. Influence of transformational leadership on organizational innovation and performance depending on the level of organizational learning in the pharmaceutical sector. *J. Organiz. Change Manage.*, 21: 188-212.
- Gavrea, C., R. Stegorean and A. Marin, 2012. Corporate board structure and organizational performance: Evidence from Romanian firms. *Stud. Univ. Babes Bolyai Negot.*, 57: 21-33.
- Gupta, V., I.C. MacMillan and G. Surie, 2004. Entrepreneurial leadership: Developing and measuring a cross-cultural construct. *J. Business Venturing*, 19: 241-260.
- Hair, J.F., W.C. Black, B.J. Babin and R.E. Anderson, 2010. *Multivariate Data Analysis*. 7th Edn., Pearson, London, UK., ISBN: 9780135153093, Pages: 800.
- Huang, S., D. Ding and Z. Chen. 2014. Entrepreneurial leadership and performance in Chinese new ventures: A moderate mediation model of exploratory innovation and environmental dynamism. *Creativity Innovation Manage. J.*, 23: 453-471.
- Ireland, R.D., M.A. Hitt and D.G. Sirmon, 2003. A model of strategic entrepreneurship: the construct and its dimensions. *J. Manage.*, 29: 963-989.

- Koech, P.M. and G.S. Namusonge, 2012. The effect of leadership styles on organizational performance at state corporations in Kenya. *Intl. J. Bus. Commerce*, 2: 1-12.
- Madume, J.V., I.H. Iheanyi and I. Sotonye, 2016. An assessment of the impact of micro finance bank on the development of entrepreneurs in the economy. A study of micro finance banks in rivers state. *J. Account. Financial Manage.*, 2: 69-81.
- Meyer, J.P. and L. Herscovitch, 2001. Commitment in the workplace: Toward a general model. *Hum. Resour. Manage. Rev.*, 11: 299-326.
- Mgeni, T.O., 2015. Impact of entrepreneurial leadership style on business performance of SMEs in Tanzania. *Etrepren. Organiz. Manage. J.*, 4: 1-9.
- Michie, S. and M.A. West, 2004. Managing people and performance: An evidence based framework applied to health service organizations. *Intl. J. Manage. Rev.*, 5: 91-111.
- Mogotsi, I.C., J.A. Boon and L. Fletcher, 2011. Modelling the relationships between knowledge sharing, organisational citizenship, job satisfaction and organisational commitment among school teachers in Botswana. *Afr. J. Lib., Arch. Inf. Sci.*, 21: 41-58.
- Muchiri, M.K., 2002. The effects of leadership style on organizational citizenship behavior and commitment the case of railway corporation, Yogyakarta, Indonesia. *Gadjah Mada Intl. J. Bus.*, 4: 265-293.
- Prabhu, V.B. and A. Robson, 2000. Impact of leadership and senior management commitment on business excellence: An empirical study in the North East of England. *Total Qual. Manage.*, 11: 399-409.
- Ricardo, R. and D. Wade, 2001. *Corporate Performance Management: How to Build a Better Organization through Measurement Driven Strategies Alignment*. Butterworth-Heinemann, Oxford, UK., ISBN: 9780877193869, Pages: 170.
- Testa, M.R., 2001. Organizational commitment, job satisfaction and effort in the service environment. *J. Psychol.*, 135: 226-236.