The Analysis of Good Organization Governance to the Leadership and Regeneration Effectiveness in Muhammadiyah Islamic Mass Organization

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ABSTRACT

Muhammadiyah having basic problems but crucial related to its regeneration. Internal thought among the senior leaders in its organization worried of the young generation who will replace their positions to run and lead the organization in the future. 60 million members spread all over Indonesia (per-2019) is a such a huge number of members, but seems limited for future regeneration who will seriously giving contribution in this mass organization. This study researches and analyzes its good organization governance, whether can effectively having leadership functions, and how the social perspectives to its effectiveness and captures what young generations' perception on it. This research distributed questioners to 217 respondents, and using SEM (PLS) in analyzing the data. Three major variables on this study are good organization governance, leadership and regeneration. The limitation of the study was the respondents are mostly domicile in Bekasi areas, so it still not captured yet the big picture of organization as a whole. The result of this study shows the strong correlation between good organization governance, leadership effectiveness and young generations perceptions on Muhammadiyah as an Islamic mass organization.
Keywords: Good Organization Governance, Muhammadiyah, Aisyiyah, Leadership, Regeneration

INTRODUCTION

Muhammadiyah is one of the biggest Islamic mass organization in Indonesia. Mentioning its existences for one century, 112 year of social services in Indonesia, Muhammadiyah and Aisyiyah focused their services to health, education and also donation foundation which distributed donation from givers to receivers among the countries. Per-2019, its members achieve more than 60 million people and spread in branches and sub branches in all areas in Indonesia. Muhammadiyah is also considered as the mass organization which owned the biggest asset among others. Its wealth covered IDR 400 billion, consists of 28.000 education foundation, 170 universities and 400 hospitals.

This huge amount asset of Muhammadiyah takes care of all members whom employs in education foundation (from kindergarten up-to senior high school levels), universities and hospitals. Based on the demographic bonus, seems Muhammadiyah will not find any difficulties having their regenerations, due to the data from Central Department of Statistics, since 2019 on going, we will have around 67% (ages between 15 – 64 years old) demographic bonus in productive ages, on the

other hand, some branches leaders worry on the internal regeneration, due to current organization led by elderly, with 65 years old and above, and very limited active in the mass organization in branches levels.

Based on the internal worries on the lost generation possibilities in the future, Muhammadiyah will slowly review and analyze whether their good organization governance has been doing the right track in managing its leadership which will support the regeneration effectiveness for the future

From the statistical review, the respondents membership captured in Muhammadiyah's organization and its affiliation:
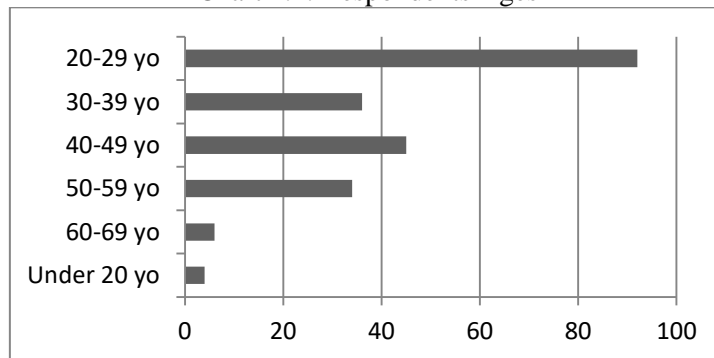
Chart 1.1. Respondent Membership in Muhammadiyah
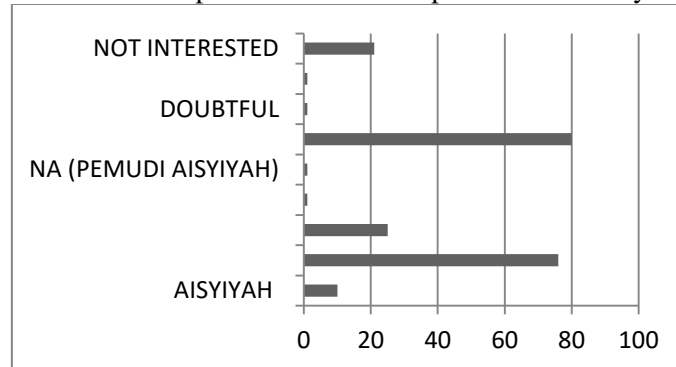
Source: primary data that has been proceed

There are around 80 respondents stated that they are not joined yet and 21 respondents stated they are not interested to join Muhammadiyah and its affiliation, while the captured respondents ages are as follows:

Chart 1.2. Respondents Ages

Source: primary data that has been proceed

It can be seen that the productive ages are dominating the respondents, which means the prospective members for the future regeneration of Muhammadiyah. From the data above, the authors are interested to do research on "The Analysis of Good Organization Governance to the Leadership and Regeneration Effectiveness in Muhammadiyah Islamic Mass Organization" and give some brief summaries for the organization improvement and suggestions.

Objectives
The objectives of this research are:
1. Analyzing the effectiveness of leadership in Muhammadiyah Islamic mass organization.
2. Analyzing the correlation validity between leadership and regeneration.
3. Analyzing the correlation validity between good organization governance and regeneration in Muhammadiyah.
4. Analyzing why people outside the organization are not interested join this organization

5. Giving the suggestions to senior leaders for improvement and enhancement areas.

LITERATURE REVIEW
Good Organization Governance
Following the adoption of its review of the principles of corporate governance, the OECD said: "Good corporate governance plays a vital role in underpinning the integrity and efficiency of financial markets. Poor corporate governance weakens a company's potential and at worst can pave the way for financial difficulties and even fraud. If companies are well governed, they will usually outperform other companies and will be able to attract investors whose support can help to finance further growth (Kniece, 2022).

Good governance is the set of ways in which each individual and institution in both public and private sectors deals with their mutual challenges. It is a continuous process of resolving diverse, conflicting interests and implementing cooperative actions. It includes formal institutions and mechanisms empowered to ensure informal compliance and agreements that the people and organizations have agreed to or accepted to achieve their interests (Commission on Global Governance 1995).

It consists of the mechanisms, processes, and institutions which citizens and groups use to express their concerns, exercise their legal rights and obligations, and show their differences (UNDP 1997). It also comprises the institutional environment in which citizens interact with each other and with government agencies and officials. It is how power executes to manage economic and social resources for the development of a nation. It refers to the operational quality of institutions responsible for formulating, implementing, and ensuring the implementation of coherent policies in an effective, efficient, and equitable manner (ADB 2005) cited from (Nguyen, 2022).

Leadership
Citated from Rose Ngoci et al (2015), leadership involves a type of responsibility aimed at achieving particular ends by applying the available resources (human and material) and ensuring a cohesive and coherent organization in the process (Ololube, 2013). Northouse (2007) and Rowe (2007) described leadership as a process whereby an individual influences a group of individuals to achieve a common goal. This article contends that effective leadership is crucial to the proper operation and very survival of a non-profit organization. She also marked that transactional theories Rose Ngoci et al (2015), also known as management theories, focus on the role of supervision, organization and group performance and the exchanges that take place between leaders and followers. These theories base leadership on a system of rewards and punishments (Charry, 2012). In other words, on the notion that a leader's job is to create structures that make it abundantly clear what is expected of followers and the consequences (rewards and punishments) associated with meeting or not meeting expectations (Lamb, 2013). When employees are successful, they are rewarded and when they fail, they are reprimanded or punished (Charry, 2012). managerial or transactional theories often likened to the concept and practice of *management* and continues to be an extremely common component of many leadership models and organizational structures (Lamb, 2013).

Scott's approach to leadership emphasizes the authentic dimensions of close relationships, clear purpose, and a caring heart most often with his employees. Scenes from The Office are identified that validate these findings and feature authentic leadership theory in action. Pragmatically, the current research offers trainers, managers, and teachers a resource for educating trainees and students on the role of verbal and nonverbal messages in leadership as well as a tool for developing authentic leadership in others (Michael Scott, 2022).

In this term, leadership refer to the activities between leaders and members in the organization, to gain the organization's aim together and to bring success to it. This activity contents the clear expectations from each position and how they work as their functions.

2.3. Regeneration

In essence, regeneration is a form of maturation of individuals in order to improve the quality and understanding of these individuals within the scope of the organization which will later become part of the organization. The function of regeneration is to prepare candidates (embryos or regenerations) who are ready to continue the baton of struggle of an organization. The role of regeneration in the organization as follows the inheritance of good organizational values, guarantors of organizational sustainability, and learning facilities for members.

METHOD

In this study, there are two test models carried out by Smart PLS, namely the measurement model or commonly referred to as the outer model (outer 80.3% % 95 models) and the *structural model* or commonly referred to as the inner model. The first starts with the measurement model (outer model) which is used to determine the validity and reliability that connects reflective indicators with latent variables tested using three measurement methods.

The measurement model (outer model) is a model that connects latent variables with manifest variables. Evaluation of the measurement results of the measurement model (outer model) is through confirmatory factor analysis (CFA) by testing the validity and reliability of the latent construct. The measurement model test consists of convergent validity tests, discriminant validity and reliability.

Convergent validity relates to the principle that the gauges (variable manifests) of a construct are supposed to be highly correlated. The rule of thumb that is usually used to assess convergent validity is that the loading value must be more than 0.7 for confirmatory research and the loading value between 0.6-0.7 for exploratory research is still acceptable and the Average variance extracted (AVE) value must be greater than 0.5.

Based on the Partial Least Square estimation method, a Full Structural Model path diagram is obtained as shown in the following figure:

Figure 3.1. Full Structural Model (PLS Algorithm)
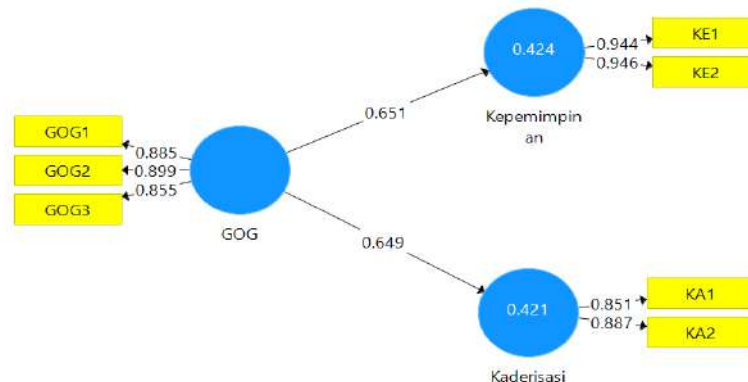
Source: primary data that has been proceed

Through figure 3.1, it can be seen that the yellow box shows each indicator and the blue circle shows the latent variable. And there is a number on each arrow that shows the validity value of each indicator and tests the reliability of the constructed variables studied. An indicator is said to be valid if it has a factor weight value greater than 0.50.

Structural Model Testing (Inner Model)

The effect of this structural model is to test the influence of one latent variable with another latent variable. The test is carried out by looking at the path value to see whether the influence is significant

or not seen from the t value of the path value (the value of t can be obtained by bootstrapping). The following is a picture of the bootstrapping results carried out in this study:

Figure 3.2. Bootstrapping
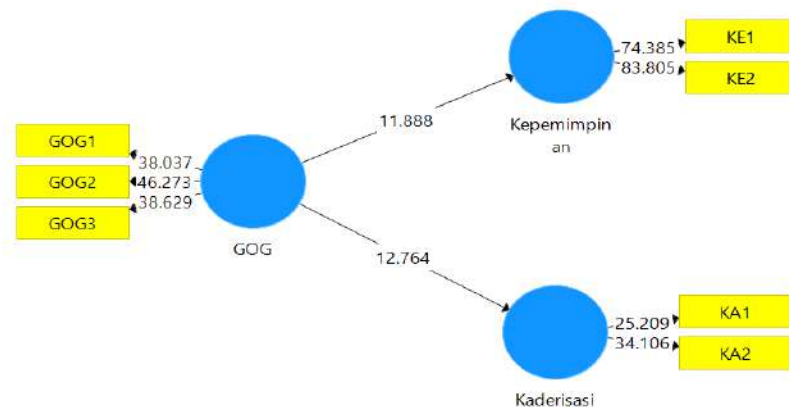
Source: primary data that has been proceed

Data Collection
The data description of respondents' responses can be used to enrich the discussion, through the description of respondent response data, it can be known how the condition of each indicator of the variables being studied. To make it easier to interpret the variables being studied, categorization of respondents' responses was carried out based on the respondent's response score.

The categorization of respondents' response scores is carried out based on the range of maximum scores and the minimum score divided by the number of desired categories using the following formula. The respondents' responses to each of the statement items are categorized into 5 categories of excellent, good, sufficient, not good and very bad with the following calculations:
Maximum Index Value = Highest scale = 5
Minimum Index Value = Lowest scale = 1
Interval Distance   = [maximum value - minimum value] : 5 = (5 –1) : 5 = 0.8

The scoring criteria itself are as follows:

Table 4.1.
Scoring Criteria Based on Percentage

No.	Percentage	Scoring Criteria
1	1.0 – 1.80	Very Poor
2	1.81 – 2.60	Poor
3	2.61 – 3.40	Average
4	3.41 – 4.20	Good
5	4.21 – 5.00	Very Good

Descriptive analysis was carried out in order to obtain a picture of respondents' perceptions of the variables in the study. The variables in this study are good organization governance, leadership and regeneration based on the calculation results of 217 respondents that have been obtained.

RESULT AND DISCUSSION

Prediction relevance

In addition to R-Square, structural model testing on inner models uses predictive-relevance (Q2) values. A Q-square value greater than 0 (zero) indicates that the model has a predictive relevance value. To calculate Q2 can be used the formula, as follows:

$Q^2 =1-(1-R12) (1-R22) (1-R23)$
$Q^2 = 1 – (1-0,421) (1-0,424)$
$Q^2 = 0,666$

A Q2 value achieved of 0.666 means that the Q2 value above zero provides proof that the model has Predictive Relevance.

Evaluation of the Goodness of Fit

To validate the model as a whole, goodness of fit (GOF) is used. This GOF index is a single measure used to validate the combined performance between the measurement model (outer model) and the structural model (inner model). The Value of this GOF index is obtained from the Average Variance Extracted (AVE) multiplied by the R2 of the model. Here is the GOF index formula:

$$Gof = \sqrt{0.808 \ x \ 0.423}$$

$$Gof = \sqrt{0.341} = 0.584$$

Based on the calculation results obtained a GOF value of 0.584, so that the goodness of fit (GOF) of the model is included in the large GOF category.

Graphical Results

The variable Good Organization Governance, represented by 3 (three) statement items as follows:

Table 5.1. Descriptive Variables of Good Organization Governance

No.	Statement	1	2	3	4	5	Total Score	Average	Category
1	Interaction of Muhammadiyah mass organizations with government elements at the sub-district level and above	1 / 0.5%	4 / 1.8%	31 / 14.3%	128 / 59.0%	53 / 24.4%	879 / 81.0%	4.05	Good
2	Interaction of Muhammadiyah mass organizations with government elements (sub-district level and below: *Kelurahan, RW, RT*)	1 / 0.5%	12 / 5.5%	25 / 11.5%	132 / 60.8%	47 / 21.7%	863 / 79.5%	3.98	Good
3	Interaction of Muhammadiyah mass organizations with other mass organizations (across mass organizations)	0 / 0.0%	6 / 2.8%	38 / 17.5%	124 / 57.1%	49 / 22.6%	867 / 79.9%	4.00	Good
Good Organization Governance							2609	4.01	Good
Percentage							80.2%		

Source: primary data that has been proceed

Based on the results of data processing that has been described in the table above, it can be seen that the total score for the Good Organization Governance variable is 2609 with an average of 4.01. This average value is in the range of 3.40 – 4.20. Therefore, from the results of the continuum line above, it can be concluded that respondents' perceptions of Good Organization Governance are in the good category.

Leadership Descriptive Analysis Results
Leadership Variable, represented by 2 (two) statement items as follows:

5.2. Table of Leadership Variables Descriptive

No.	Statement	1	2	3	4	5	Total Score	Average	Category
1	Internal coordination of the Muhammadiyah Aisyiyah Mass Organization at all levels (from branches to regions)	0	7	43	117	50	861	3.97	Good
		0.0%	3.2%	19.8%	53.9%	23.0%	79.4%		
2	Leadership in Muhammadiyah & Aisyiyah Mass Organizations at all levels (from branches to regions)	0	5	40	121	51	869	4.00	Good
		0.0%	2.3%	18.4%	55.8%	23.5%	80.1%		
Leadership							1730	3.99	Good
Percentage							79.7%		

Source: primary data that has been proceed

Based on the results of data processing that have been described in the table above, it can be seen that the total score for the Leadership variable is 1730 with an average of 3.99. This average value is in the range of 3.40 – 4.20. Therefore, from the results of the continuum line above, it can be concluded that respondents' perceptions of Leadership are in the good category.

Descriptive Analysis results of Regeneration
The variable of regeneration, represented by 2 (two) statement items as follows:

Table 5.3. Regeneration Variables Descriptive

No	Statement	1	2	3	4	5	Total Score	Average	Category
1	Regeneration readiness of the Muhammadiyah mass organization at this time	1	19	53	111	33	807	3.72	Good
		0.5%	8.8%	24.4%	51.2%	15.2%	74.4%		
2	The proximity of the Muhammadiyah mass organization to the current government	0	7	43	131	36	847	3.90	Good
		0.0%	3.2%	19.8%	60.4%	16.6%	78.1%		
Regeneration							1654	3.81	Good
Percentage							76.2%		

Source: primary data that has been proceed

Based on the results of data processing that have been described in the table above, it can be seen that the total score for the regeneration variable is 1654 with an average of 3.81. This average value is in the range of 3.40 – 4.20. Therefore, from the results of the continuum line above, it can be concluded that the respondents' perceptions of regeneration are in the good category.

Proposed Improvements
Respondents stated they are not interested to join this organization due to there is no social activities seen in public. So, even though Muhammadiyah has so many activities in each branch and its

affiliations, seem the activities only have meanings for internal members, not widen spread its useful to public.

Figure 5.1. Reasons not joining Muhammadiyah

Source: primary data that has been proceed

Respondents are also agree that the internal organization should do all improvements in HR capacities, leadership, regenerization. In this section, respondents think beside starting to have new program for regenerization, they also agree that internal senior leaders should develop program to build the skills and capacities of all members.

Figure 5.2. Respondents Suggestions
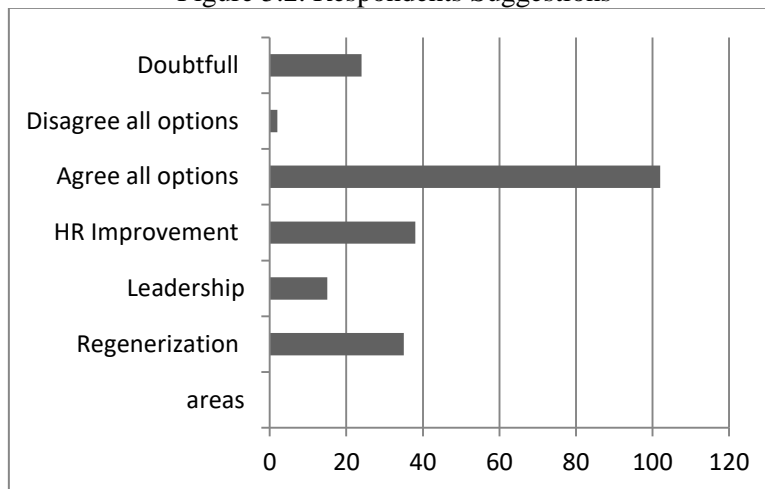
Source: primary data that has been proceed

Validation
Hypothetical Testing
The hypothesis in this study will be tested using the value of the path coefficient and t values to see if there is a significant influence or not. In addition, the results of the path significance test also show the value of the parameter coefficient (original sample). The parameter coefficient shows the significance value of the influence of each research variable:

Table 5.4. Path Significance Test

Hypothesis	Variable Leave	Original Sample (O)	T Statistics (| O/STDEV|)	P Values	Information
H1	GOG -leadership >	0.651	11.888	0.000	Accepted
H2	GOG -> Regeneration	0.649	12.764	0.000	Accepted

Source: primary data that has been proceed

CONCLUSION

Considering the effectiveness of its maturity leadership practices in its organization, Muhammadiyah has the good governance Based on *the Path Coefficient* and *T-Statistics* in the table above, the following conclusions can be drawn:

1. **Good Organization Governance Has a Significant Effect on Leadership in the Muhammadiyah Community Organization.**
   Based on the results of Table 4.7, it is known that the calculated t value to determine the influence of the Good Organization Governance variable on the Leadership variable of 11,888 is greater than the requirement of 1.95. So, it can be concluded that Good Organization Governance has a significant effect on Leadership. **Hypothesis Accepted.**

2. **Good Organization Governance Has a Significant Effect on Regeneration in the Muhammadiyah Mass Organization.**
   Based on the results of Table 4.7, it is known that the calculated t value to determine the influence of the Good Organization Governance variable on the Regeneration variable of 12,764 is greater than the requirement of 1.95. So, it can be concluded that Good Organization Governance has a significant effect on Regeneration. **Hypothesis Accepted.**

Considering the effectiveness of its maturity leadership practices in its organization, Muhammadiyah has the good governance practices that align organization into its goals. Its years of services brings values to their capacities in leading team and facing various stake holders. But on the other hand, the power of senior leaders also give reasons to the generation gap to the future conditions. On the other hand, its focused to manage assets, so only limited attention to develop their future successions. Some consideration could be suggested to Muhammadiyah organization internally as follows: (a) providing the widest possible opportunity in terms of carrying out tasks in more strategic positions. Leadership training from within or from outside (external) of the company organization, (b) Approaching Internally (Mentorship). Conducting Leadership Selection. Providing the widest possible opportunity in terms of carrying out tasks in more strategic positions, (c) leadership training from within or from outside (external) of the company organization. Approaching Internally (Mentorship). Conducting Leadership Selection.

In order to recruit new members from external communities, Muhammadiyah should do new movement, such as focusing to the young ages approaches and designing activities which become their popular interest, combining the popular interest to the main goals of Muhammadiyah, which to enlighten societies by spreading Islamic ways.

This organization also should attract prospective new young members by communicating all activities in social media, especially which have highest interaction with them, also assigning young popular ones to be the ambassadors to campaign Muhammadiyah's young future members.

This study itself has the limitation in analyzing process. So, for the future study and researchers, authors suggest the researchers to widen the respondents, comparing the real data of members in each branches and compared to Muhammadiyah strategic plans to the next 10-15 years.

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