THE EFFECT OF SPIRITUAL LEADERSHIP ON ORGANIZATIONAL COMMITMENT AND EMPLOYEE PERFORMANCE: A CASE OF PUBLIC UNIVERSITIES IN SOUTHEAST SULAWESI, INDONESIA

Udin*, Sri Handayani and Syaiful Bakhri
Ph.D student at Economic and Business Faculty, Diponegoro University.
Email: udin_abuan@yahoo.com

Received on 10-01-2017
Accepted on: 20-02-2017

Abstract
A growing need to the spiritual leadership is more crucial, as the result of global rapid change, to improve motivation and commitment of the employees in order to optimize organizational performance. The purpose of the present study is to investigate the effect of spiritual leadership on organizational commitment and employee performance of public universities in Southeast Sulawesi, Indonesia. The study employed survey method of data collection using structured 180 questionnaires among employees, 162 usable questionnaires were returned. By using structural equation modeling (SEM), the results indicated that spiritual leadership has a direct positive significant effect on employee performance and organizational commitment, organizational commitment mediates the relationship between spiritual leadership and employee performance, whereas organizational commitment has no direct significant effect on employee performance.

Key Words: Spiritual leadership, organizational commitment, employee performance.

Introduction
The 21st century is the time of changes, where leaders require new approaches on structure, management, and leadership of the formal organization. The new approach to networking (Carrington, Scott et al., 2005) and leadership bring improvements in the management of various organizations, both profit and non-profit oriented (Daft, 2007). Chermers (2001) defines leadership as a process of social influence in which one person is able to seek help and support from others in the fulfillment of together tasks. Gardner (1995) views leadership as an attempt of someone to influence others by using a wide variety of emotional and motivation within the group. Leaders generally influence others to help achieve the objectives of the group or organization (Yukl, 2002). In the recent period, Indonesia has been hit by a crisis of leadership that marked by the emergence of various political problems, corruption, poor
performance of bureaucracy, and so forth, which are generally more liable to undermine the image of leadership of state institutions in the opinions of its people. Government bureaucracy conditions that rife with corruption, collusion and nepotism also brings an impact on unethical business practices, that very detrimental to society at large. Some facts to illustrate this point, many employers do not fulfill their obligations to the workforce and destroy the environment for personal gain (Ardiansyah, 2007). In investigation of Ardiansyah (2007) reported that various cases of very severe environmental destruction are done by the businessmen because they were getting chances of local government officials.

One of the driving factors of happening various unethical leadership practices and business is due to the tendency of Indonesian people, including the leaders, who are more concerned to the value of materialism than spiritualism. This is as stated by Soekanto (2002) that in Indonesia, there is a tendency to be more concerned to the position than role. High and low prestige of a person is measured by the external attributes, such as title, luxury residence, vehicle, clothes, and so forth.

As Drucker (1990) illustrated these phenomenon by stating that the world is facing the danger of barbarians community birth who are not educated, that are the people who have lost faith in the basic of economy values, so it is necessary to regenerate spirituality in leadership (Kanugno and Mondonca, 1996). Hunt, Sekaran et al. (1982) stated that rediscovered the phenomenon of leadership is more crucial for the modern era that is leadership based on spiritual aspects (Ashar and Lane-Maher, 2004; Bennis, 2002; Casey, 2004; Gull and Doh, 2004; Klein and Izzo, 1999; Klenke, 2003; McGee-Cooper and Trammell, 2002; Sheep, 2004). Spiritual leader aims to create a productive workplace that can improve the high motivation of the staff so that they can find meaning, purpose and existence of a better life (De-Klerk, 2005).

On the other hand, in terms of effectiveness, organizations also need to consider the concept of spiritual leadership in order to produce the output of organizations such as organizational commitment and employee performance. Fry and Cohen (2009) found that the spiritual leadership will be able to foster positive human values, psychological and spiritual circumstances that lead to the achievement of organizational commitment, productivity and overall organizational performance. This study supports the statement Giacalone and Jurkiewicz (2003) and Mitroff and Denton (1999) which states that the spiritual leadership basically include activities to motivate and inspire someone with hope and confidence in a vision of providing services to stakeholders and organizations on the basis of a love that in the end can make employees motivated, committed and productive.
Literature Review

Spiritual Leadership

Spiritual leadership or commonly called the corporate mystic by Hendricks and Ludeman (1996), executive EQ by Cooper and Sawaf (2002), leadership which develops emotional intelligence by Goleman (2003), leadership of the fourth dimension by Tjahjono (2003), and powerful leader by Agustian (2004) is supposed as the right solution in the face of leadership crisis as the case today. Fry (2003) suggests that the concept of spiritual leadership is crucial in facing the challenges of the organizational environment in the 21st century which is full of the rapid change and require the adaptive organizational learning that prioritizes fast response with high responsibility, productive, motivating workers intrinsically (self-directed), empowering the flexible team, flat structures, developing positive networks, making different, and global (Ancona in Fry, 2003).

Tobroni (2005) suggests that may be spiritual leadership is the top evolution of leadership model because it stands on a view of human perfection, which is a creature composed of body, soul, and spiritual. Spiritual leadership is the genuine leadership, where a leader leads with the heart based on religious ethics. He is able to shape the character, integrity, and real exemplary and not merely a leader who crave rank, position, power, and wealth. Spiritual leader model was not influenced by external factors alone, but more guided and directed by internal factors of conscience which gush out from inside.

Fry (2003) states that there are two things that underlie the need for spiritual leadership, those are (1) the demand of the era of organizations learning that need spiritual leadership; and (2) organizations learning can be a source of defense (survival) spiritual, especially in motivating workers intrinsically through vision, hope/belief, and altruistic love. The new concept of spiritual leadership (Fry, 2003) derived from the model of transformational leadership (Bas, Avolio et al., 2003), and the servant leadership (Spears and Lawrence, 2002) to increase commitment and productivity of leaders and followers (Giacalone and Jurkiewicz, 2003).

Spiritual leadership is the combination of necessary values, attitudes, and behaviors to self-motivate and others intrinsically so they have a sense of spiritual defense through the call of duty and membership (Fry, 2003; Fry and Slocum, 2008). Thompson (2004) states that the spiritual leadership as the type of leadership that focuses on the meaning of the organization. Meanwhile, as disclosed by Guillory (2002), spiritual leadership means establishing a work environment where people can show their functions and talents as a whole based on the value of trust and humanistic (Benefiel, 2005; Burkhart, 2008; Ferguson and Milliman, 2008; Fry and Cohen, 2009).
Fairholm (1996) asserts that the spiritual leadership rejects the values that are based on self-interest and change it to the spiritual values based on morality, stewardship, and community. The morality elements include building shared values, vision setting, sharing meaning, enabling, influence and power, intuition, risk taking, service, and transformation.

While stewardship is based on self-reliance to determine moral choice that indicated by the power of self-control, empowerment and partnership. In addition, the community is the creation of a cooperative community and action-oriented that characterized by willingness and ability to focus on the group development.

Fry (2003) outlines that the spiritual leadership duties include: (1) creating a vision in which members of the organization experience the called feeling in their life, find meaning, and make something different; (2) building a social culture/organization based on altruistic love in which leaders and followers truly mutual concern, care, and respect each other, so that result a sense of membership, feel understood and appreciated.

According to Tobroni (2005), spiritual leadership is a leadership style that brings mundane dimension to the spiritual dimension (divinity), in which the Lord as the only true leader who inspires, brightens, cleanses the conscience and soothe the soul of His servants in a very discreet through an ethical approach and exemplary. While Hendricks and Ludeman (1996); Tjahjono (2003) further explain that the spiritual leadership is leadership that can inspire, arouse, influence and motivate by example, service, compassion, and implementation of the divinity values in the purpose, process, culture, and leadership behavior.

In the history perspective, the spiritual leadership was exemplified perfectly by the Prophet Muhammad who dubbed al-ameen (trustworthy). With his integrity, the Prophet Muhammad was able to develop the ideal leadership and most successful in the history of human civilization (Hart, 1992). Through his properties such as siddiq (integrity), amanah (trust), fathanah (working smart), and tabligh (openly, human relations), he was able to influence others by inspiring without indoctrinating, resuscitating without coercing, encouraging without forcing, and inviting without commanding (Widjayakusuma and Yusanto, 2003).

The theory of spiritual leadership has been developed by Fry (2003) in a model of intrinsic motivation and based on several characteristics, such as hope, trust and altruism, where the goal is to create a vision and homogeneous values at the individual, team, and organization, which can ultimately result a higher level of commitment and organizational productivity (Fernando, Beale, et al., 2009). Fry (2003) introduced a model of spiritual leadership as follows:
Hope is defined as a belief in the achievement of organizational goals. Strong belief is conviction in something that has no any evidence, where the existence of physical or material not prove it (Fry, Hannah, et al., 2011). Vision refers to an image of the future with a definitive explanation about why people trying to create the future (Fry, Hannah, et al., 2011). The vision statement should be flexible so that it can be appropriate with all the changes that may occur (Lewis and Smith, 1994). Altruistic love is a set of values, assumptions and ways of correct thinking morally, which is shared by the group members and taught to the new members (Fry, Hannah, et al., 2011). Altruistic love is a sincere love and selfless because each individual feels valued and appreciated within the organization.

Fry and Nisiewicz (2013) state that spiritual leadership has a significant positive effect on the welfare of spiritual and personal-organizational performance by mapping the shared vision and belief in the progress of culture, which in turn can improve well-being and physical health of workers. The higher expectations of spiritual leaders in various fields, it can boost the spirit of cooperation, trust, commitment and effectiveness of organizational systems (Eisler and Montuori, 2003; Fry, Vitucci, et al., 2005; Mohammadi, Vanaki, et al., 2012). High spiritual leadership is believed as key driver of commitment and productivity of the organization in optimizing the organizational performance (Fry and Matherly, 2006; Kaplan and Norton, 2004). Another study revealed a positive and significant relationship between spiritual leadership and several unit-level outcomes, including organizational commitment and four measures of performance (Fry, Hannah, et al., 2011).

Organizational Commitment

The concept organizational commitment refers to employees’ loyalty to their organization and a process that employees cooperate in organizational decision making. Luthans (2006) views commitment as an attitude that has a variety of definitions and broad measurement. Commitment is commonly defined as (1) a strong desire to remain a
member of a particular organization, (2) the desire to strive as what organization desires, and (3) certain beliefs and acceptance of the value and purpose of the organization. Meyer and Allen (1997) developed three dimensions for organizational commitment as follows: (1).

Affective commitment: refers to the sense of dependence that employees have to their organizations, (2) Continuance commitment: refers to inclination of employees to remain in their organizations because of the negative consequences of leaving their organizations like being unemployed, (3) Normative commitment: refers to the sense that employees consider themselves as members of a family. In this case, employees remain in their organization and try to do their jobs well.

Many researchers have acknowledged that committed workforce performs better (e.g. Guest, 1997; Morrow, 1993). The more committed employees have higher tendency to perform well and lower tendency to leave their jobs (Mathieu and Zajac, 1990).

Previously, researchers have found positive relationship between organizational commitment and employee performance (Khan, Ziauddin, et al., 2010; Memari, Mahdieh, et al. (2013); Meyer, Paunonen, et al., 1989; Qaisar, Rehman, et al., 2012). Another researcher (Rashid, Sambasivan, et al., 2003) who studied 202 managers in Malaysian companies found that corporate culture and organizational commitment are interrelated and both have far reaching impacts on employee performance.

**Employee Performance**

Aguinus (2009) described that the definition of performance does not include the results of an employee’s behavior, but only the behaviors themselves. Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work. Employee performance refers to a set of employee behaviors or actions that are relevant to the organization’s goals (Campbell, 1990). Employees who consider work more as a vacation than a mere job to earn money display good performance (Rego, Sousa, et al., 2007). According to Mathis and Jackson (2006), the measurement of employee performance is achieved through: (1) quality of work refers to how well or accurate the work is performed, (2) quantity of work relates to the amount of work done within a specific period, and (3) timeliness of work addresses how quickly, when or by what date the work is produced.

**Proposed Model and Hypotheses**

**Figure 1** shows the conceptual framework of the effect of spiritual leadership on organizational commitment and employee performance.
According to the figure 2, research hypotheses are formulated:

H1: Spiritual leadership has a significant positive effect on employee performance
H2: Spiritual leadership has a significant positive effect on organizational commitment
H3: Organizational commitment has a significant positive effect on employee performance
H4: Organizational commitment has a significant positive effect on employee performance’ mediator

Research Methodology

1. Population and Sample

As of August 2015, at the beginning of this study, the population size was 470 employees. After sorting by Halu Oleo versus IAIN Sultan Qaimuddin institutions and by gender, the interest population was found to include 420 employees (89.36%) from Halu Oleo university and 50 employees (10.64%) from IAIN Sultan Qaimuddin, and of 297 male employees (63.19%) and 173 female employees (36.81%). From this group, 162 public university employees of Halu Oleo and IAIN Sultan Qaimuddin in Southeast Sulawesi – Indonesia were selected by simple random sampling. After distributing 180 structured questionnaires among male and female employees, 162 usable questionnaires were returned.

Table 1. Description of the Respondents.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>90</td>
<td>55.56</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>72</td>
<td>44.44</td>
</tr>
<tr>
<td>Age</td>
<td>Up to 21 years</td>
<td>98</td>
<td>60.49</td>
</tr>
<tr>
<td></td>
<td>31 to 40 years</td>
<td>42</td>
<td>25.93</td>
</tr>
<tr>
<td></td>
<td>41 to 50 years</td>
<td>18</td>
<td>11.11</td>
</tr>
<tr>
<td></td>
<td>More than 50 years</td>
<td>4</td>
<td>2.47</td>
</tr>
<tr>
<td>Education level</td>
<td>Diploma</td>
<td>42</td>
<td>25.93</td>
</tr>
<tr>
<td></td>
<td>Under graduation</td>
<td>113</td>
<td>69.75</td>
</tr>
</tbody>
</table>
2. Instrument

In order to collect the important data and to test the hypotheses of the present study, a well-designed questionnaire was used. The questionnaire consists of three sections. The first section includes 36 questions developed by Fry (2005) to measure spiritual leadership (vision, hope/faith, and altruistic love). Second section contains the scale developed by Meyer and Allen (1991) to measure organizational commitment (affective, normative, and continuance commitment). In addition, to measure employee performance (quality of work, quantity of work, and timeliness of work), items scale developed by Mathis and Jackson (2006) was used.

3. Reliability

For assessing the reliability of questionnaire, Cronbach’s alpha was used in the study. The Cronbach’s alpha reliability of all the variables were more than 0.7 (α>0.7) which indicated that all the scales showed good reliability.

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Number of questions</th>
<th>Cronbach’s alpha coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spiritual leadership</td>
<td>36</td>
<td>0.88</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>9</td>
<td>0.83</td>
</tr>
<tr>
<td>Employee performance</td>
<td>9</td>
<td>0.81</td>
</tr>
</tbody>
</table>

4. Validity

For evaluating the validity of questionnaire, construct validity was used in the study. Construct validity determines the extent to which a scale measures a variable of interest (Moon and Kim, 2001). Structural Equation Modeling (SEM) was used to examine the construction of the questionnaire. The relationship between research variables and their dimensions were tested. Fitness’s indices showed that the measurement model provides good fitness to the data as shown in table 3.

<table>
<thead>
<tr>
<th>Fitness Indices of Structural Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
</tr>
<tr>
<td>Probability</td>
</tr>
<tr>
<td>CMIN/DF</td>
</tr>
<tr>
<td>GFI</td>
</tr>
<tr>
<td>TLI</td>
</tr>
<tr>
<td>NFI</td>
</tr>
<tr>
<td>CFI</td>
</tr>
<tr>
<td>RMSEA</td>
</tr>
<tr>
<td>23.965</td>
</tr>
<tr>
<td>0.464</td>
</tr>
<tr>
<td>0.999</td>
</tr>
<tr>
<td>0.968</td>
</tr>
<tr>
<td>1.000</td>
</tr>
<tr>
<td>0.964</td>
</tr>
<tr>
<td>1.000</td>
</tr>
<tr>
<td>0.000</td>
</tr>
</tbody>
</table>
The decision of to what degree the model fits the information and whether it should be accepted or denied is based on well-fitting statistics. The goodness of fit of the model is evaluated not only as a whole but also as each and every parameter (Hair, Black, et al., 2005). There are several well-fitting indexes that have various statistical functions used to evaluate the goodness of fit of the model. Among the recommended indexes, the most widely used ones are chi-square statistics ($\chi^2$), RMSEA (root mean square error approximation), CFI (comparative fit index), NFI (normed fit index), TLI (Tucker-Lewis index), GFI (goodness of fit index) and AGFI (adjusted goodness of fit index) (Jöreskog and Sörbom, 1993). In this study, the result of CFA showed the fit indices ($\chi^2 = 23.965; \text{CMIN/DF} = 0.999; \text{GFI} = 0.968; \text{TLI} = 1.000; \text{NFI} = 0.964; \text{CFI} = 1.000; \text{RMSEA} = 0.000$) suggest that the model fits very well with the data.

**Result and Discussion**

The present study tends to investigate the effect of spiritual leadership on organizational commitment and employee performance of public universities in Southeast Sulawesi, Indonesia. For testing the hypothesis, the study used structural equation modeling (SEM) including 3 dimensions of each variable.

Figure 3 depicted the results of SEM analysis. Fitness’s indices also showed good fitness of the structural model.

![Figure 3. Structural Equation Modeling.](image)

Figure 3 showed the direct effect spiritual leadership on employee performance, spiritual leadership on organizational commitment, and organizational commitment on employee performance. Based on the results of SEM analysis, hypothesis 1, 2 and 4 were confirmed, whereas hypothesis 3 was rejected because the t-value less than 1.96. Table 3 furthermore summarized the results of hypothesis test in terms of path coefficient and t-value.
Table 3. The Results of the Hypothesis Test.

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypotheses</th>
<th>Path Coefficient</th>
<th>T-Value</th>
<th>P</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Spiritual leadership → Employee performance</td>
<td>0.212</td>
<td>2.215</td>
<td>0.027*</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H2</td>
<td>Spiritual leadership → Organizational commitment</td>
<td>0.244</td>
<td>2.38</td>
<td>0.017*</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H3</td>
<td>Organizational commitment → Employee performance</td>
<td>0.073</td>
<td>0.84</td>
<td>0.401</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4</td>
<td>Spiritual leadership → Organizational commitment → Employee performance</td>
<td>0.018</td>
<td>1.999</td>
<td>0.007*</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

*Significant level (P < 0.05)

The table 3 showed that spiritual leadership has a significant positive effect on employee performance and organizational commitment. It was evident from the table that spiritual leadership affects employee performance of public universities in Southeast Sulawesi to the extent of 0.212 and spiritual leadership affects organizational commitment to the extent of 0.244. These findings confirmed the study of (Fry and Matherly, 2006; Kaplan and Norton, 2004) that high spiritual leadership is believed as key driver of commitment and productivity of the organization in optimizing the organizational performance. Another study revealed a positive and significant relationship between spiritual leadership and several unit-level outcomes, including organizational commitment and four measures of performance (Fry, Hannah, et al., 2011). This study furthermore performed that organizational commitment mediates the relationship between spiritual leadership and employee performance.

Moreover, this study found that there was no significant direct relationship between organizational commitment and employee performance which confirms the finding of Harwiki (2013) and was in contrast with the findings of (Khan, Ziauddin, et al., 2010; Memari, Mahdieh, et al. (2013); Meyer, Paunonen, et al., 1989; Qaisar, Rehman, et al., 2012). Organizational commitment was found as a significant and positive predictor of employees’ performance in the literature (Kappagoda, 2013; Meyer, Stanley, et al., 2002; Van Scotter, 2000). Employees who have some sort of emotional bonding with organization perform better as compare to others. Organizational commitment is not only the predictor of task performance of employees, but also effectively committed employees active participates in extra role duties (Allen and Meyer, 1996; Luchak and Gellatly, 2007; Meyer, Stanley, et al., 2002; Qaisar, Rehman, et al., 2012).
Conclusion

The present study tends to investigate the effect of spiritual leadership on organizational commitment and employee performance of public universities in Southeast Sulawesi, Indonesia. The study found that spiritual leadership positively and significantly affects organizational commitment and employee performance. The more high level of spiritual leadership, especially in terms of clear vision, hope/faith and altruistic love, the more advanced of commitment and employees performance. Spiritual leadership creates congruence across the empowered team to foster increased level of organizational commitment, productivity and performance. The study furthermore found that organizational commitment mediates the relationship between spiritual leadership and employee performance, but there was no significant direct effect between organizational commitment and employee performance.

The present study has a number of practical implications for leaders, managers and organizations. Firstly, develop programs for the employees’ organizational commitment. If the employees feel secure, satisfied and effectively connected to the organization, they will commit well to their jobs. Employees who show high commitment to organization exhibit a readiness to share and walk that extra mile to guarantee the organization’s success (Greenberg and Baron, 2003). Besides, leaders or managers need to employ various strategies that would move employees into organizational commitment such as developing trust and fairness to employees, better communication and clear provision of support to help employees improving work performance. More importantly, leaders or managers are the key personnel within organizations giving directions and guiding employees to be more active and creative in their approaches. They are the ones who are responsible for ensuring a suitable environment that could lead to performance. Secondly, the study offers guidelines for organization to use spiritual leadership model, especially to increase organizational effectiveness such as organizational commitment and employee performance. In order to have more commitment and stimulating employee performance, organizations must choose the leaders who have spiritual approaches that can ensure all work environment positively.

The present study has limitation that should be noted. The data collection was restricted to only two public universities. It is suggested that in order to generalize the findings to the universities in Southeast Sulawesi – Indonesia, the study should be expanded to include other public and private universities.

References


