



## **INVESTIGATION OF THE ROLE OF SPIRITUAL LEADERSHIP AND OCB TO IMPROVE PERFORMANCE**

**Ida Bagus Udayana Putra** 

Doctoral Candidates in Doctoral Programs Management Science at the Faculty of Economics  
and Business at Udayana University, Denpasar, Bali-Indonesia

udayanap10@gmail.com

**Ni Wayan Sri Suprapti**

Professor in Doctoral Programs in Management Science at the Faculty of Economics and  
Business at Udayana University, Denpasar, Bali-Indonesia

sri\_suprapti@unud.ac.id

**I Gusti Ayu Manuati Dewi**

Associate Professor in Doctoral Programs in Management Science at the Faculty of Economics  
and Business at Udayana University, Denpasar, Bali-Indonesia

learning\_ya@yahoo.com

**I Gede Riana**

Associate Professor in Doctoral Programs in Management Science at the Faculty of Economics  
and Business at Udayana University, Denpasar, Bali-Indonesia

gederiana@gmail.com

### **Abstract**

*The purpose of this study was to investigate the role of spiritual leadership and OCB in improving employee performance in selected hotels in Denpasar-Bali City. Based on data from the Bali Regional Tourism Office in 2018, there are 185 non-star hotels in Denpasar City. Determination of the number of samples is done by using the Slovin formula at a precision level of 5% so that the number of research samples as many as 127 non-star hotels spread across four sub-districts. Proportional random sampling was used. Each hotel was taken by one*

*employee as the research respondent. Data collection was done by conducting direct interviews with respondents based on prepared questionnaires. Data analysis techniques were carried out with the SmartPLS 3.0 program. The results of the study found that spiritual leadership had a significant positive effect on OCB and employee performance, OCB also had a significant positive effect on employee performance, OCB had a significantly positive role as a partial mediator in the relationship between spiritual leadership and employee performance.*

*Keywords: Employee Performance, OCB, Spiritual Leadership, Non-Star Hotel, Bali*

## **INTRODUCTION**

The tourism sector is a priority mainstay for a number of countries in the world including Indonesia because it is able to contribute income to the state and society. Bali is one of the most well-known tourist areas in Indonesia that has repeatedly received international awards in the tourism sector. The progress of tourism in Bali encourages the growth of various businesses related to tourist needs, one of which is accommodation or hospitality. The development of hotels in Bali is more concentrated in Denpasar, especially non-star hotels. Hotels of this class are usually led directly by the owner or close relatives of the hotel owner.

The biggest obstacle faced in the non-star hotel business is the limited quality of human resources, including leadership patterns. Leadership is the most important factor in the company. The application of certain leadership patterns is closely related to the performance of the company's employees. Leadership patterns that are in accordance with employee expectations, can encourage employees to perform better, whereas leadership patterns that are less appropriate based on employee ratings can reduce the performance of these employees. Therefore, it is very important to put leaders in line with employee expectations. One type of leadership that is considered suitable now is spiritual leadership, namely leadership that gives encouragement, enthusiasm, motivation to employees to find jobs that are suitable and in accordance with their abilities and desires.

Spiritual leadership is one type of leadership that is able to encourage employees to be willing to take on additional work even though it is not part of their responsibilities (Rich, 2015). Employees who exhibit such behavior are known as OCB (Organizational Citizenship Behavior). Employees who have OCB will show better performance than those without OCB. Based on the background that has been described, this study aims to determine the effect of spiritual leadership and OCB on employee performance, and the role of OCB as mediator the relationship between spiritual leadership and employee performance in non-star hotels in Bali.

## LITERATURE REVIEW AND RESEARCH HYPOTHESES

### Employee Performance

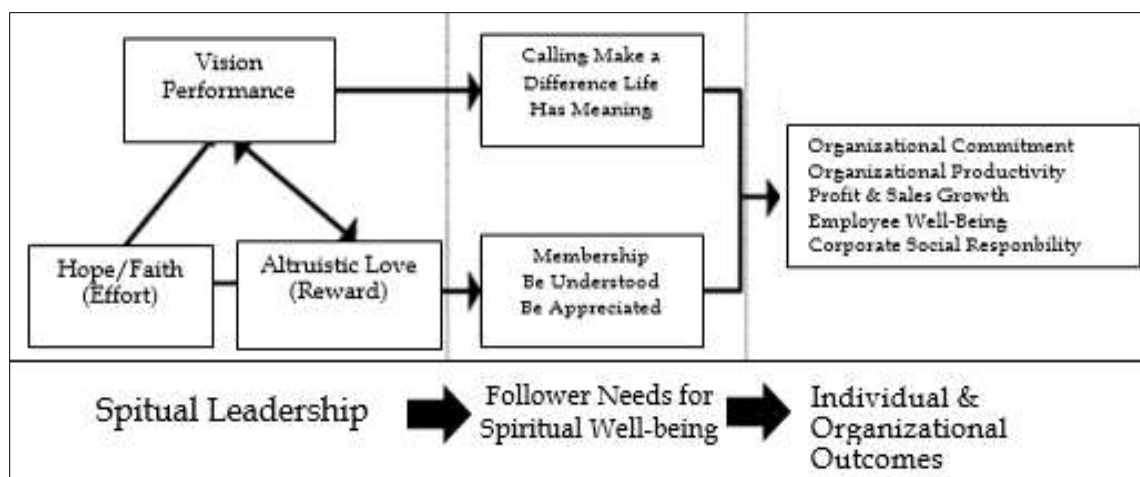
Employee performance is defined as achievement as a person's level of skill in tasks that include his work (Byars and Rue, 1984). Whereas according to Bernardin and Russell (1993), achievement is a record of the results obtained from certain job functions or certain activities during a certain period of time. Campbell (1990) defines the job performance of employees as behaviors or actions that are in accordance with organizational goals. There are a number of factors that can affect a person's performance, such as effort, abilities, and role / task perception (Byars and Rue (1984), the performance of an individual can be seen through quantity, quality, speed of completion of work, collaboration, and attendance level (Mathis & Jackson, 2000).

Employee performance in an organization can be influenced by a number of variables such as leadership style, willingness to do work outside the specified job, and a number of other variables. The leadership style in an organization greatly determines the performance of employees in the organization. Likewise, the willingness of employees to work on various jobs other than their main work also greatly determines the performance of an employee.

### Spiritual Leadership

Spiritual leadership according to Fry (2005) is a leadership that is based on the values, attitudes, and behaviors needed to motivate others intrinsically. In principle, spiritual leadership relates to optimizing the empowerment of followers in ethical ways. Spiritual leadership focuses on values of love that can strengthen organizational membership, thus encouraging better output. Purpose of spiritual leadership is to strengthen the vision and empowerment of all individuals in an organization to remain highly committed to performing according to the expectations of the organization. Spiritual leadership according to Fry (2003) is described as follows:

Figure 1 Causal Model of Spiritual Leadership (Fry, 2003)



Based on Figure 1, it can be further stated that the concept of spiritual leadership consists of 3 major parts, namely: Vision is a picture of the future that becomes an ideal. Altruistic love is a love expressed through honesty, kindness and patience. Hope and Faith is the hope/desire to be achieved in the future. The concept of spiritual leadership is able to move followers/employees to work harder as well as willingness to do other work outside of their main work.

A number of research prove that spiritual leadership is able to move employees to increase their participation in activities outside their main work, namely Kaya (2015) found that spiritual leadership has a significant positive effect on OCB. Other research results that are in line with these findings are Wu and Li (2015); Gilani et al. (2016); Rezaei et al. (2016); Hosseini and Nematllahi (2017). Spiritual leadership is also proven to be able to encourage employees to perform better (Bodla et al., 2013; Musta'in, 2014; Osboei & Nojabae, 2016; Akbar et al., 2018; Pangestika, 2018). Based on the study, the research hypothesis was constructed as follows:

Hypothesis 1: Spiritual leadership has a significant positive effect on OCB

Hypothesis 2: Spiritual leadership has a significant positive effect on employee performance

### **Organizational Citizenship Behavior (OCB)**

According to Organ (1988) OCB as individual behavior is discretionary, not directly or explicitly recognized by the formal reward system, and that aggregately increases the effective functioning of the organization. Brief and Motowidlo (1986) explain OCB not only applies in organizations but also outside organizations, such as helping coworkers in personal matters/problems. In general, someone who has OCB behavior is characterized by a number of indicators, namely compliance, helpful, Kind hearted and concern with society interest, Sportive, Kindness (Podsakoff, et al., 2000). Whereas the OCB indicator according to Organ (1988) consists of Altruism, Courtesy, Sportsmanship, Civic Virtues, and Conscientiousness.

Employees with high OCB levels are shown to be rarely absent, high levels of job satisfaction and loyalty. Employees like this will show good performance. The higher the OCB of the employee, the better the performance will be. A number of research results prove that OCB has a significant effect on employee performance, namely Sani and Maharani (2012); Maharani et al. (2013); Sani (2013); Subejo et al. (2013); Tehran et al. (2013); Darto (2014); Karavardar (2014); Anvari and Mansor (2015); Chelagat et al. (2015); Mahasneh (2015); Muhdar et al. (2015); Agustiningsih et al. (2016); Sawitri et al. (2016)

Hypothesis 3: OCB has a significant positive effect on employee performance.

Based on the findings of a number of previous research, where spiritual leadership significantly influences OCB (Rich, 2015; Wu and Li, 2015; Gilani et al., 2016; Rezaei et al., 2016; Hosseini

and Nematllahi, 2017), on the other hand, OCB also shows a significant influence on employee performance (Sani and Maharani, 2012; Maharani et al., 2013; Sani, 2013; Subejo et al., 2013; Tehran et al., 2013; Darto, 2014; Karavardar, 2014; Anvari and Mansor, 2015; Chelagat et al., 2015; Mahasneh, 2015; Muhdar et al., 2015; Agustiniingsih et al., 2016; Sawitri et al., 2016), it can be assumed OCB can acts as mediator in relationships spiritual leadership with employee performance. Based on the description, the research hypothesis can be constructed as follows: Hypothesis 4: OCB significantly acts as a mediator in the relationship of spiritual leadership with work performance.

## RESEARCH METHOD

This research was conducted on non-star hotels in the city of Denpasar with a population of 185 hotels spread across four sub-districts. Taking the number of research samples is determined by the formula  $n = N / \{1 + (N \cdot e^2)\}$  (Slovin) at a precision level of 5%. Based on the formula, the number of research samples is 127 hotels. Determination of hotels that will become research methods is determined proportionally random sampling. The research respondent was one of the hotel employees who became the sample researcher.

Data collection was done by conducting interviews directly with employees who were respondents to the study. Interviews are based on prepared questionnaires. Furthermore, the collected data is subject to SmartPLS 3.0 program through three evaluation stages, namely evaluating the outer model, evaluating the inner model, and testing the significance of the path coefficient. Evaluation of the outer model consists of convergent validity / outer loading, discriminant validity, composite reliability, and Cronbach's Alpha. The inner model evaluation was based on R-Square ( $R^2$ ), Q-square predictive relevance ( $Q^2$ ), and Goodness of Fit (GoF). Testing the significance of the path coefficient based on a 5% error level.

## RESULTS AND DISCUSSION

### Validity and Reliability Test

The results of the SmartPLS 3.0 analysis show that the outer loading coefficient value is at least  $0.575 > 0.50$ , so convergently the data set is valid. Judging from discriminant validity, the root AVE is greater than the correlation between other variables, so that discriminant is considered valid. Testing reliability is based on composite reliability criteria and Cronbach's Alpha said to be reliable if the value is greater than 0.70. The results of the analysis show that the lowest composite value is 0.919 while the lowest value of Cronbach's Alpha is 0.891. Composite reliability and Cronbach's Alpha each have the lowest value  $> 0.70$ , so the research data set can be declared reliable. Because all data is valid and reliable, the next process can be continued.

### Model Fit Evaluation

Based on the results of data analysis, the value of  $R^2$  obtained on the influence of spiritual leadership on OCB was 0.443. This means that OCB is influenced by spiritual leadership of 44.30%, the rest (55.70%) is another factor. The value of  $R^2$  on the influence of spiritual leadership and OCB on employee performance is 0.471. This gives the meaning that 47.10% of employee performance is influenced by spiritual leadership and OCB, the rest (52.90%) is another factor outside the research model.

Fit model testing through predictive Q-square relevance ( $R^2$ ) is calculated by formulation  $Q^2 = 1 - \{(1 - R^2_1) (1 - R^2_2)\}$ . Based on the formulation, the value of  $Q^2 = 0.705$  is obtained. These results indicate that the research model is able to provide predictions of 70.5%. Fit model testing based on Goodness of Fit (GoF) is calculated with the following formulation:  $GoF = \sqrt{(AVE \times R^2)}$ . GoF calculation results show a value of 0.5664. Results of this calculation indicate that the accuracy of the model is relatively strong. Based on the three criteria for the accuracy of the model, the model has a strong level of accuracy, then the next process can be carried out.

### Hypothesis testing

Hypothesis testing is done using SmartPLS 3.0, shown in Figure 2, Table 1.

Figure 2 Effect of spiritual leadership, organizational citizenship behavior on employee performance

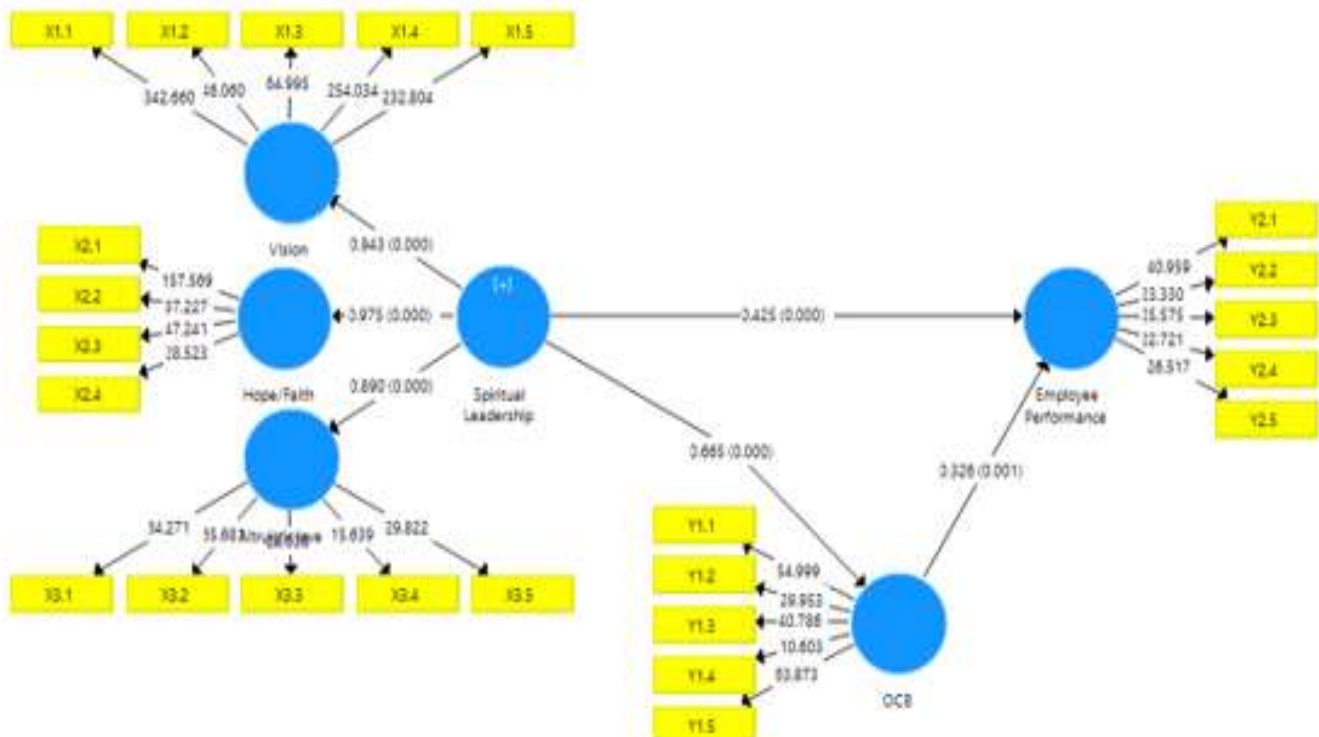




Table 1 Direct and Indirect Path Coefficient of Effect of Spiritual leadership and OCB on Employee Performance

| Independent          | Variables |                      | Coefficient |                |         | Information     |
|----------------------|-----------|----------------------|-------------|----------------|---------|-----------------|
|                      | Mediation | Dependent            | Path        | t-ststatistics | p-value |                 |
| Spiritual Leadership | OCB       |                      | 0,665       | 7,370          | 0,000   | sig H1 Accepted |
| Spiritual Leadership |           | Employee Performance | 0,425       | 4,543          | 0,000   | sig H2 Accepted |
|                      | OCB       | Employee performance | 0,326       | 3,394          | 0,001   | sig H3 Accepted |
| Spiritual Leadership | OCB       | Employee performance | 0,217       | 3,065          | 0,002   | sig H4 Accepted |

Based on Figure 2 and Table 1, it can be explained that spiritual leadership has a significant positive effect on OCB. This is indicated by the path value of 0.665 and t-statistics of 7.370 > 1.96 or p-value of 0.000 < 0.05. This means that hypothesis 1 which states that spiritual leadership has a significant positive effect on OCB is acceptable. This result implies that the better spiritual leadership can encourage employee OCB to be higher. The results of this study are in line with the results of previous studies, namely Rich (2015); Wu and Li (2015); Gilani et al. (2016); Rezaei et al. (2016); Hosseini and Nematllahi (2017).

Spiritual leadership also has a significant positive effect on employee performance. This is indicated by the path value of 0.425 with t-statistics 4.543 > 1.96 or p-value of 0.000 < 0.05. This means that hypothesis 2 which states that spiritual leadership has a significant positive effect on employee performance is acceptable. That is, improving spiritual leadership is able to improve employee performance. The results of this study are in line with the results of previous studies namely Bodla et al. (2013); Musta'in (2014); Osboei & Nojabae (2016); Akbar et al. (2018); Pangestika (2018).

The results also prove that OCB has a significant positive effect on employee performance. This is evidenced by the path value 0.326 with t-statistic 3.394 > 1.96 or p-value 0.001 < 0.05. These results prove that hypothesis 3 which states that OCB has a significant positive effect on acceptable employee performance. This result means that increasing OCB can improve employee performance. These results also confirm a number of results of previous studies namely Sani and Maharani (2012); Maharani et al. (2013); Sani (2013); Subejo et al. (2013); Tehran et al. (2013); Darto (2014); Karavardar (2014); Anvari and Mansor (2015); Chelagat et al. (2015); Mahasneh (2015); Muhdar et al. (2015); Agustini et al. (2016); Sawitri et al. (2016).

The role of OCB in mediating the relationship of spiritual leadership with employee performance (hypothesis 4) is also proven, with indirect path coefficients of 0.217, t-statistics 3.065 > 1.96 or p-value 0.002 < 0.05. The meaning is that there is a significant increase in the path coefficient of 0.217 due to the presence of OCB as mediation. The results of this study

mean that by increasing employee OCB, there will be an increase in employee performance. The results of this study are in line with a number of results of previous studies which found that OCB acts as a mediator in the relationship of leadership type to employee performance, Prahesti et al. (2017); Vipraprastha et al. (2018).

## CONCLUSIONS, SUGGESTIONS AND FUTURE RESEARCH

Based on the results of analysis, it can be concluded that OCB is significantly positive as a mediator in the relationship of spiritual leadership with the performance of employees in non-star hotels in Denpasar-Bali. This is supported by findings where leadership has a significant positive effect on OCB, and OCB also has a significant positive effect on employee performance. For this result, it was suggested by the leadership to further enhance their spirituality, so that employee OCB increased, and finally employee performance also increased. The results of this study cannot be used as guidelines for all hotels in Bali in the sense of being generalized, therefore further research is needed on non-star hotels outside the city of Denpasar, or for star-rated hotels including outside Bali. Research can also add other variables such as organizational culture, work environment, work climate, and other relevant variables.

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