

## Transformational Leadership and Workplace Spirituality on Employee Performance Mediated by Organizational Commitment

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#### ABSTRACT

Nowadays, competition in business industries is very tight that makes Human Resource is the most valuable aspect for a firm to stay as well as to keep survive. 160 employees of LPD that located in Kecamatan Denpasar Timur were used as sample. Purposive sampling method and PLS (Partial Least Square) analysis technique used in this research. The result showing that transformational leadership and workplace spirituality positive-significantly affect employee's performances. Transformational leadership also workplace spirituality leadership positive-significantly affect organizational commitments Organizational commitments positively and significantly effect on employees' performances. Organizational commitments proven to strengthen and mediates transformational leadership to employee's performance. Organizational commitment proven to strengthen and mediates workplace spirituality on employee's performance. Purposes of the research show that this research can be utilized as reference to a firm in order to focus on the antecedent that improves employees' performances

**Keywords:** Transformational leaderships, Workplaces spirituality, Organizational commitments, Employees performances

JEL Classification: M10, A13, I131

## **INTRODUCTION**

Achieving good organizational goals, it takes a very important role of HRM on management, organization also utilization of employee to increase the productivity. The implementation of proper HRM is base of a firm during the obtainment of desired employee. important to apply the anteseden that have influences towars improvement of firm performances. Various the previous studies (Ullah et. al., 2018; Kayode et. al., 2016; Sintaasih et al, 2019) have investigated various factors in employee performance.

## **LITERATURE REVIEW**

Performances are described as result on work that have been done by individual/firm in accordance with strategist goals. Wake et. (2018) performance is a valuable set of assets and requires Behavioral characteristics of employees can positively and negatively affect achievement of organizational goal. Knowing the importance of the role of human resources Within the company, organizations must focus on factors related to improving employee's performances

Following different types of commitment and loyalty of members in a firm, leadership plays crucial roles at influencing that level of commitment. Transformational leadership contains the concept of transparency, meaning that its behavior and actions are examples and role models for that. Effective leadership is able to align a number of levels of commitment from members in accordance with organization's goals (Kark, et. al., 2003). In addition to transformational leadership, there is also research that shows that organizational commitment is strengthen by workplace spirituality. Research from Mahdani (2018) states that workplace spirituality towards work attitudes and individualspirituality contributes positively to both relationships.

### **Social Exchange Theory**

According to Saqib (2014), in the time an organization do the well-management of the employee, then happen an exchange in social relationships which promise to make improvement on employee performances. A good and appropriate reciprocal process between leaders and employees will cause communication between the two will be smoother and better.

## **RESEARCH METHOD**

Study was conducted at the Village Credit Institute at East Denpasar District. The population was 160 people with 139 respondents as sample, determined using purposive sampling, which was a technique of selecting respondent samples through certain considerations that met the criteria of researchers

The research used questionnaires as research instruments. SEM-PLS with smart PLS 3.0 was used to analyzed the data.

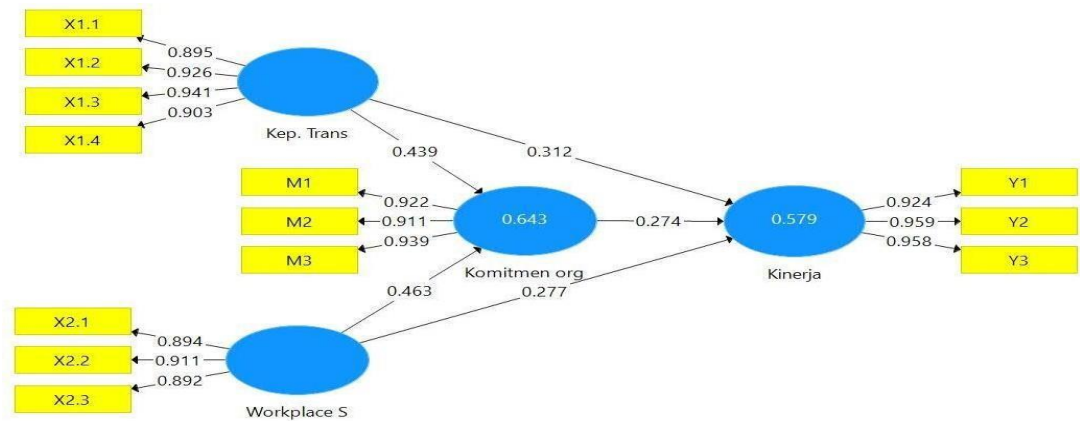


Figure 1. Structural Model

## RESULTS

### Measurement Model Evaluation or Outer Model

the convergent validity of the indicators used in this study, exhibited in Table 1.

Table 1. *Outer Loading Research Indicators*

|                                     | Original Sample (O) | T Statistics ( O/STDEV ) |
|-------------------------------------|---------------------|--------------------------|
| M1 <- Organizational Commitment     | 0.922               | 65.188                   |
| M2 <- Organizational Commitment     | 0.911               | 42.792                   |
| M3 <- Organizational Commitment     | 0.939               | 50.448                   |
| X1.1 <- Transformational Leadership | 0.895               | 46.566                   |
| X1.2 <- Transformational Leadership | 0.926               | 48.711                   |
| X1.3 <- Transformational Leadership | 0.941               | 95.115                   |
| X1.4 <- Transformational Leadership | 0.903               | 49.211                   |
| X2.1 <- Workplace Spirituality      | 0.894               | 38.163                   |
| X2.2 <- Workplace Spirituality      | 0.911               | 48.518                   |
| X2.3 <- Workplace Spirituality      | 0.892               | 45.245                   |
| Y1 <- Employees Performances        | 0.924               | 40.847                   |
| Y2 <- Employees Performances        | 0.959               | 92.659                   |
| Y3 <- Employees Performances        | 0.958               | 108.989                  |

Source: Data processed, 2022

Table 1 show, every indicator has exceeded 0.7 of outer loading value, therefore this study has all-valid indicators.

Cross-loading results of variables exhibited in Table 2.

**Table 2. Cross Loading Value**

|      | Transformational<br>Leaderships | Employee<br>Performances | Organizational<br>Commitments | Workplace<br>Spirituality |
|------|---------------------------------|--------------------------|-------------------------------|---------------------------|
| M1   | 0.606                           | 0.656                    | <b>0.922</b>                  | 0.714                     |
| M2   | 0.566                           | 0.513                    | <b>0.911</b>                  | 0.602                     |
| M3   | 0.767                           | 0.727                    | <b>0.939</b>                  | 0.667                     |
| X1.1 | <b>0.895</b>                    | 0.576                    | 0.603                         | 0.511                     |
| X1.2 | <b>0.926</b>                    | 0.583                    | 0.649                         | 0.503                     |
| X1.3 | <b>0.941</b>                    | 0.623                    | 0.688                         | 0.549                     |
| X1.4 | <b>0.903</b>                    | 0.655                    | 0.65                          | 0.557                     |
| X2.1 | 0.572                           | 0.619                    | 0.597                         | <b>0.894</b>              |
| X2.2 | 0.528                           | 0.582                    | 0.71                          | <b>0.911</b>              |
| X2.3 | 0.462                           | 0.565                    | 0.626                         | <b>0.892</b>              |
| Y1   | 0.598                           | <b>0.924</b>             | 0.658                         | 0.598                     |
| Y2   | 0.644                           | <b>0.959</b>             | 0.641                         | 0.617                     |
| Y3   | 0.649                           | <b>0.958</b>             | 0.67                          | 0.642                     |

Source: Data processed, 2022

Table 2 show that all latent variable has met discriminant validity.

**Table 3. Comparison of Square Root of Extracted Average Variance with Latent Variable Correlations**

| Research Variables                  | AVE       | Correlation                                |                                  |  |                                       |
|-------------------------------------|-----------|--|----------------------------------|--|---------------------------------------|
|                                     |           | Transformat<br>ional<br>Leadership<br>(X1) | Emple<br>e<br>Performa<br>nce(Y) | Organizati<br>onal<br>Commitm<br>ent (M) | Workpl<br>ace<br>Spiritua<br>lity(X2) |
| Transformational<br>Leadership (X1) | 0,84<br>0 | 1,000                                      | 0,666                            | 0,708                                    | 0,579                                 |
| Employee Performance<br>(Y)         | 0,89<br>7 | 0,666                                      | 1,000                            | 0,693                                    | 0,654                                 |
| Organizational<br>Commitment (M)    | 0,85<br>4 | 0,708                                      | 0,693                            | 1,000                                    | 0,718                                 |
| Workplace Spirituality<br>(X2)      | 0,80<br>8 | 0,579                                      | 0,654                            | 0,718                                    | 1,000                                 |

Source: Data processed, 2022

Table 3 exhibits all variables than other latent variable indicators.

**Table 4. Composite Reliability**

| Variable                      | CronbachAlpha | Composite Reliability |
|-------------------------------|---------------|-----------------------|
| Transformational Leaderships  | 0,936         | 0,954                 |
| Employee Performances         | 0,942         | 0,963                 |
| Organizational Commitment     | 0,915         | 0,946                 |
| <i>Workplace Spirituality</i> | 0,881         | 0,927                 |

Source: Data processed, 2022

Table 4 showed that both the composite reliability and Cronbach's alpha met the reliability criteria

**Table 5. R-square**

| Constructs                     | R Square |
|--------------------------------|----------|
| Employee Performance (EP)      | 0,579    |
| Organizational Commitment (OC) | 0,643    |

Source: Data processed, 2022

In table 5, 57.9 percent of employee performance construct can be explained by organizational commitments, transformational leadership, workplace spirituality, meanwhile the 42.1% explained by another model. Organizational commitment's R-Square is 0.643, which means 64.3% explained by transformational leadership, workplace spirituality, employee performance, meanwhile 35.7% were explained by another model

## DISCUSSION

### **Transformational leadership on employee performance**

The hypotheses testing indicates, transformational leaderships positive-significantly affect employee's performances. The time when transformational leadership implemented perfectly, work performance will also be getting better (Syafuddin 2016; Ullah et. al. 2018). Kayode et. al. (2016) explains that transformational leadership helps in boosting work motivation on employee in positive way.

### **Workplace spirituality on employee performance**

The path coefficient indicated that workplace spirituality positive-significantly affects employee's performances, if workplace spirituality getting better, performance of employees also going to be better (Sintaasih et. al. 2019; Sukmawati & Efendi (2017). Fariana (2017) explains that with high level of work performance, employees could bare the work burnout in effective and efficient way, implicated in better problem-solving.

### **Transformational leadership on organizational commitment**

The testing indicates, transformational leaderships positive-significantly affect organizational commitments. The time when transformational leadership implemented perfectly, employees will feel their commitments for their workplace getting stronger (Walumbwa & Hartnell, 2011; Dai et. al. 2013). This commitment to the company's shared goals comes at a time when transformational leadership provides space for employee self-confidence and self-development (Abouraia & Othman, 2017).

### **Workplace Spirituality on organizational commitment**

The testing indicates, workplace spirituality positive-significantly affects organizational commitment. If workplace spirituality getting better, employees will feel their commitments for their workplace getting stronger (Endah (2016; Yogatama, 2015; Haryokusumo, 2015). Liwun and Prabowo (2015) explain, A strong work spirituality will lead to a fully responsible working attitude in the commitment to achieving its targets.

### **Organizational commitment on employee performance**

The testing indicates, organizational commitment positive-significantly affects employee's performances. At the time employees feels their commitments for their workplace getting stronger, their work performance highly will be getting better. Diamintidis and Chatzoglou (2019), Ribeiro et. al. (2018), Westover et. al. (2010), and Rita et. al. (2018) state Organizational commitment is referred to as the main thing that must be improved so that companies can form loyalty to superior employees in terms of the knowledge-basedeconomy.

### **Organizational commitment mediates the influence of transformational leadership on employee performance**

Organizational commitment able to mediates the effect of transformational leadership towards employee performance. Jaramillo (2005) showing leadership has a massive impact in building commitment to employees, where employees make leadership as a direction they follow while working at the firm (Indrayanto, 2014).

### **Organizational commitment mediates the influence of Workplace Spirituality on employee performance**

Organizational commitment able to mediates the effect of workplace spirituality towards employee performance, hypothesis is proven. Well-implemented spirituality will give guidance to the employee to be better at solving their work-related problem. Solving the work-related problems professionally needs a good thinking, a systematic step also needs to build a strong communication within the firm (Kristyanto and Inkai 2013; Sintaasih et al. 2019; Aditya et.al. 2018)

## **CONCLUSION**

Based on the analysis, then it can be concluded transformational leadership and Workplace spirituality positive-significantly affect employee performance. Transformational leadership, Organizational commitment and Workplace spirituality positive-significantly affect organizational commitment. Organizational commitment able to strengthen the effect of transformational leadership and workplace spirituality onto employee performance.

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## **DECLARATION OF CONFLICTING INTERESTS**

There is no conflict of interest with the 2022 Malang ICPM committee or staff from AIBPM or any conflict regarding this article.

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