Influence of Spiritual Leadership, Organizational Commitment and its Effect on the Performance of Lembaga Perkreditan Desa

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Received: August 05, 2020 Revised: January 05, 2021 Accepted: January 15, 2021

Abstract

This research aims to investigate The Role of Calling and Membership as Mediation on the Influence of Spiritual Leadership against Organizational Commitment and its Effect on the Performance of Lembaga Perkreditan Desa (LPD). This study has outlined organizational commitment as a construct thought to be theoretically strategic to empower organizations through calling and membership. The research was conducted upon LPDs in Bali. Inferential analysis techniques have been used to test the empirical model and the hypotheses proposed in this study. The analysis technique used is the structural equation model (SEM) based on variance or component, called Partial Least Square (PLS). The significant findings of this research are, first, spiritual leadership has a positive and significant effect on calling; second, calling has a positive and significant impact on organizational commitment; and third, calling has a positive and significant effect on organizational performance. Several studies have been conducted to estimate the mediating role of calling in explaining the relationship of spiritual leadership with organizational commitment. The results of the study by Bodla and Ali (2012) and Bodla et al. (2013) state that spiritual leadership, which consists of vision and altruistic love, has a positive and significant influence on organizational commitment. Likewise, spiritual leadership has a positive and significant effect on calling.

Keywords: Spiritual Leadership, Organizational Commitment, Lembaga Perkreditan Desa

JEL Classification Code: D23, L25, P34

1. Introduction

Financial institutions can be divided into two, namely bank and non-bank financial institutions. One of the non-bank financial institutions in Bali is Lembaga Perkreditan Desa (LPD). LPD is a financial institution owned by Desa Pakraman; therefore, the LPD is part of village assets that have the potential to improve the economy of the local people.

The income of Desa Pakraman was obtained from the LPD business, as stated in the Bali Provincial Regulation Number 3 of 2001 concerning Desa Pakraman (Chapter IV Article 10 Point 1) that one of the funding supports in terms of the integrity of Desa Pakraman inspired by Hinduism is the LPD. At the end of a year, LPD routinely deposits 20% in cash from profits earned as development funds in front of krama as a form of a contribution to the village.

Based on the data from LPLPD (Lembaga Pemberdayaan Lembaga Perkreditan Desa), there have been serious problems on the health LPDs per regency/city in 2014; one of which is due to the level of Non-Performing Loans (NPLs) reaching 9.05%, which has exceeded the 5% NPL threshold (Bank Indonesia Regulation Number 13/3/PBI/2011). Ramantha (2006) revealed that if LPD health is assessed using CAMEL, it should be realized that the five components have a very close relationship; none of these can be ignored even though the other components have very high weights. By the end of 2014, of the 1422 existing LPDs, 1014 were healthy (71.31%), while 408 LPDs were very sound, less solid, unfortunate, and stalled (28.69%). The examination appears that the number of LPDs with low performance is still quite high.

Based on the performance data and opinions of Cendikiawan (2013) and Wiagustini (2014), LPDs still face human resource constraints, especially in leadership.
The field survey shows unidirectional indications based on the brief report of the Head of the Ubud District LPD BKS stating that a number of LPDs such as the LPDs of Desa Pakraman Sayan, Mawang, and Mas initially performed poorly or unhealthily, yet their performance increase after replacement of managers or leaders; this proves that leadership is an important factor in the development of LPDs.

Leadership has a moderately intricate and central measurement, including the process of influencing hierarchical responsibility, covering all internal aspects such as the value of honesty and integrity for all stakeholders in the organization. Research conducted by Avolio et al. (2004), Ramachandran and Krishnan (2009), Lo et al. (2009), Yeh and Hong (2012), and Aydin et al. (2013) show that there is a positive relationship between leadership type or model with organizational commitment.

LPDs require a more holistic leadership model to solve leadership problems in order to form organizational commitment, which ultimately affects performance. This comprehensive initiative model is an otherworldly authority. The profound authority hypothesis unmistakably states differences with previous leadership theories that focus only on one or more physical, mental, or elements of human emotional interaction in organizations that ignore the spirituality component (Fry, 2003). Spiritual happiness (i.e., calling and membership) then encourages organizational commitment and productivity to a higher level (Fry et al., 2009).

Fry et al. (2011) have found that (1) the relationship of spiritual leadership to calling and membership is positive and significant and (2) calling and membership fully mediate the relationship between spiritual leadership and organizational commitment. Furthermore, Bodla and Ali (2012) confirm that (1) spiritual leadership consisting of vision and altruistic love is directly related to organizational commitment, (2) spiritual leadership influences calling and membership, and (3) calling and enrollment intervene the connection between profound authority and authoritative responsibility. Nguyen and Tu (2020), in their research, concluded that organizational commitment affects organizational performance.

Likewise, Mansor et al. (2013) have found that every component of profound administration comprising of vision, benevolent love, and calling has a noteworthy relationship with hierarchical responsibility. There are inconsistent findings between research conducted by Bodla and Ali (2012) and Mansor et al. (2013) with research findings by Fry et al. (2011). Bodla and Ali (2012) and Mansor et al. (2013) show that the relationship between spiritual leadership to calling, membership, and organizational commitment is positive and significant, so calling, and membership is a partial mediation of the spiritual leadership relationship with organizational commitment. Fry et al. (2011) reveal that calling and membership fully mediate the relationship between spiritual leadership and organizational commitment.

However, some research findings (Javanmard, 2012; Vanover, 2014; Soha et al., 2016) are not in line with findings by previous studies (Fry et al., 2011; Bodla and Ali, 2012; Mansor et al., 2013). Javanmard (2012) found that organizational vision does not affect the sense of community or membership. Javanmard (2012) has also found that the relationship between organizational vision and meaningful (calling) is not significant. Other results from Javanmard’s study show a significant influence between the sense of community (membership) and performance, but Vanover (2014) states that the sense of community does not always lead to better performance.

The difference in the findings of the study is one of the inspirations in reconstructing the otherworldly administration model by Fry et al. (2011) by combining it with the A-Three Component Model of Organizational Commitment (Meyer & Allen 1991; Meyer et al., 2002). Fry et al. (2011) involved prospective officers (cadets) with the object of research on the relationship of spiritual leadership, calling, membership, and commitment at the US Military Academy with an SEM-AMOS analysis. The object of the present study is an otherworldly initiative, calling, participation, authoritative responsibility, and hierarchical execution, using an SEM-PLS analysis. The different research subjects and objects motivate this study based on the consideration that this research and Fry’s research involve different cultural and organizational characteristics, as well as differences in task characteristics and individual characteristics between cadet and LPD administrators; these differences affect performance as confirmed by (Folami & Jacobs, 2005; Yesil & Kaya, 2013; Kisengo & Kombo, 2014; Wilkins et al., 2015).

2. Literature Review

2.1. The Relationship between Otherworldly Leadership, Calling and Organizational Commitment

Spiritual leadership is the qualities, perspectives, and practices needed to promote someone and others intrinsically with the goal that they have a feeling of profound prosperity (Fry, 2003). Calling is an extraordinary encounter—it is about the most effective method to make something different through administration to other people and progressively significant life. As one has had calling at work, the person will be more attached to the organization. Organizational commitment reflected through three dimensions of affective commitment (the love for the organization), continuous commitment (the need to survive in the organization), and normative commitment (the necessity to stay in the organization because of certain values) will increase when calling exists in one’s self that will affect organizational commitment. Thus, it can be said that calling acts as a mediator of spiritual leadership and organizational commitment.
Several studies have been conducted to determine the mediating role of calling variables in explaining the relationship between spiritual leadership and organizational commitment. Bodla & Ali (2012) and Bodla et al. (2013) stated that administration consisting of altruistic perceptions and affection positively affects organizational commitment. The results also show that spiritual leadership has a positive effect on calling.

The relationship between spiritual leadership, vocation, and organizational commitment was also investigated by Mansor et al. (2013) in Malaysia’s oil and gas industry. In that study, it was found that the vision created by spiritual leadership had a significant relationship with organizational commitment. The altruistic love shown by a leader’s spirituality was significantly identified with hierarchical tasks. Based on these results, it is also stated that calls driven based on the influence of the spirituality of the leader have a significant relationship with organizational commitment. This is in line with Topol et al. (2015) research, which states that spiritual leadership is a significant predictor of organizational commitment.

Research that has been done by Bodla and Ali (2012), Bodla et al. (2013), Mansor et al. (2013), and Topol et al. (2015) with the results of research conducted by Fry et al. (2005, 2009, & 2011) where calling and membership fully mediate the relationship between spiritual leadership and organizational commitment. From the results of the study, it can be stated that the direct relationship between spiritual leadership and organizational commitment is not significant, the relationship of spiritual leadership with calling is significant, and the relationship of calling with organizational commitment is significant (Markow & Klenke, 2005); this makes calling a full mediation on the relationship between spiritual leadership and organizational commitment. This is consistent with one of the results of research conducted by Chen & Li. (2013) that calling is a full mediation on the relationship between otherworldly administration, shaped by vision, trust or faith, and altruistic love, with organizational commitment. From the aforementioned empirical results, the hypothesis proposed in this study is as follows:

\[ H1: \text{Spiritual leadership has a positive and significant effect on calling.} \]

\[ H2: \text{Calling has a positive and significant effect on organizational commitment.} \]

2.2. The Relationship between Spiritual Leadership, Membership, and Organizational Commitment

Spiritual leadership strives to ensure hope or faith in the organization’s vision to keep followers looking forward. Fry (2003) clarified that the nature of otherworldly administration is shaped by three dimensions, i.e., vision, altruistic love, and hope or faith. Membership implies having a feeling of being comprehended and valued, feeling as a part of a larger society, or being interconnected at work (Pfeffer, 2003). Organizational commitment is stability and psychological strength that binds individuals in the action process relevant to the target organization. This is a type of dedication to the organization. Furthermore, there are three main points in the definition of organizational commitment, namely a strong desire to become a part of the comity, a readiness to utilize greater effort for the benefit of the organization, and a definite belief and acceptance of the values and goals of the organization.

Several studies have been conducted to estimate the role of membership in mediating the relationship of spiritual leadership with organizational commitment. The study results by Bodla and Ali (2012) and Bodla et al. (2013) show that spiritual leadership, which consists of vision and altruistic love, has a positive and significant influence on organizational commitment. Likewise, spiritual leadership has a positive and significant effect on membership.

Mansor et al. (2013) also researched organizations working in the oil and gas industry in Malaysia regarding the relationship between spiritual leadership, membership, and organizational commitment. In this study, it was found that membership arising from a leader’s spirituality has a significant effect on organizational commitment. Topol et al. (2015) also concluded that spiritual leadership has a relationship with organizational commitment.

Based on the results of research conducted by Bodla and Ali (2012), Bodla et al. (2013), Mansor et al. (2013), and Topol et al. (2015), it is known that the triangular relationship between spiritual leadership, membership, and organizational commitment is positive and significant. Hence, membership is a partial mediation on the relationship of spiritual leadership with organizational commitment.

The results of the research by Fry et al. (2005, 2009, & 2011) show differences with the research conducted by Bodla and Ali (2012), Bodla et al. (2013), Mansor et al. (2013), and Topol et al. (2015). Fry et al. (2005, 2009, & 2011) have found that calling and membership fully mediate the relationship between spiritual leadership and organizational commitment. From the results of the study, it can be stated that the direct relationship between spiritual leadership and organizational commitment is non-significant, while the relationship of spiritual leadership with membership is significant, and the relationship of membership with organizational commitment is significant; this condition makes membership a full mediation in the relationship of spiritual leadership and organizational commitment. This is consistent with one of the results of research conducted by Chen et al. (2012) that membership fully mediates spiritual leadership, formed by vision, hope or faith, and altruistic love, with organizational commitment.
From the afore-mentioned empirical results, the hypothesis proposed in this study is as follows:

**H3:** Spiritual leadership has a positive and significant effect on membership.

**H4:** Membership has a positive and significant effect on organizational commitment.

### 2.3. The Relationship between Calling and Organizational Commitment

The principal characteristics and leaders’ values that followers adore and which give believability to pioneers in persuading individuals to do and fulfill fundamental human needs are calling.

Organizational performance, according to Dickerson et al. (1997), is a series of activities in the field of management which aim to provide an overview of the extent to which the results have been achieved in carrying out the duties and responsibilities that have been carried out and accountability to the public for the resulting shortcomings and successes. A person who works in comity with something dissimilar through the type of genuineness, looking to the future, and inspire in the search for a shared and competent vision can increase work productivity and the performance of the organization in which they work. The results of Javanmard’s research (2012) show that calling (meaningful) is significantly related to performance. This result is supported by Chen et al. (2012) that calling influences productivity (performance). Based on the theory and empirical findings, the hypothesis proposed in this study is:

**H5:** Calling has a positive and significant effect on organizational performance.

### 2.4. The Relationship between Membership and Organizational Performance ($M_2 \rightarrow Y_2$)

Enrollment can be expressed as feelings of being understood and valued in the organization and feelings of respect in the organization. Execution is delineated by the utilization of a causality model that clarifies how activities can influence future outcomes. Membership is about feeling, so if someone feels valued and respected, it will be reflected in his or her behavior and actions in work. A person who works in an organization, feeling valued and respected will increase work productivity and the performance of the organization in which they work. This is upheld by O’Leary et al. (2011), Chen et al. (2012), and Fry et al. (2011) that membership influences productivity as a measure of organizational performance.

Pfeffer (2003) states that membership means having a feeling of being comprehended and valued, feeling as some portion of a bigger network, or being interconnected at work. Membership involves feelings, beliefs, and hopes to fit in the group, a feeling of acceptance by the group, and a willingness to sacrifice for the group. A sense of membership is the feeling that members have, the feeling that members are important to each other in a group, having a leader, and that the needs will be fulfilled through mutual commitment (McMilan, 1976).

Because membership is a feeling, it requires mediation in triggering an increase in performance, as proven by Javanmard (2012), Perrin et al. (2014), and Soha et al. (2016) that the direct relationship of sense of community (membership) with performance is non-significant. The research concludes that the work team has no effect on performance. This shows that workers tend to do their work individually rather than as a group or work team. Therefore, based on the theory and the existence of different research results, the hypothesis in this study is:

**H6:** Membership has a positive and significant effect on organizational performance.

### 2.5. The Relationship between Organizational Commitment and Performance ($Y_1 \rightarrow Y_2$)

Organizational commitment can be interpreted as a strong desire to become a member of an organization and a desire to use various possible efforts to get more significant results for the benefit of the organization. This is also defined by Meyer and Allen (1991), who explains that if the organizational commitment is higher, the performance will be better. Irefin and Mechanic (2014) have found that organizational commitment has a high relationship to organizational performance. This is supported by previous research of Bhatti et al. (2011) that individual abilities such as commitment and motivation, contribute positively to organizational performance. Likewise, organizational commitment forms a construct of productivity and performance, and that one must apply the components of organizational commitment to developing healthy organizations to achieve performance. There was no empirical evidence on the non-significant effect of organizational commitment as a latent variable toward organizational performance, so the hypothesis in this study is:

**H7:** Organizational commitment has a positive and significant effect on organizational performance.

### 2.6. The Role of Organizational Commitment as a Mediating Variable for Calling on Organizational Performance

Markow and Klenke (2005), Fry et al. (2011), and Chen et al. (2012) have found that the influence of calling
on organizational commitment is positive and significant. Javanmard (2012) also confirms that calling (meaningful) is significantly related to performance. This is supported by Chen et al. (2012) that calling affects productivity (performance).

Research on work involving public interest emphasizes the importance of a sense of calling (Damon and Colby, 1992; Daloz et al., 1996) and suggests understanding more clearly the relationship between humans as individuals and commitments. Daloz et al. (1996) argue that social commitment and calling have a close relationship, implying that calling benefits both individuals who experience it and those who are affected by the individual’s life. Based on this statement, it can be stated that calling is a sense that still requires mediation for triggering performance. Such mediation is an organizational commitment that has been shown to have a positive and significant relationship with performance (Meyer & Allen, 1991; Bhatti et al., 2011; Irefin & Mechanic, 2014). Based on empirical evidence, the hypothesis in this study is:

**H8:** Organizational commitment mediates the influence of calling on organizational performance.

### 2.7. The Role of Organizational Commitment as a Mediating Variable for Membership on Organizational Performance

Fry et al. (2011), Mansor et al. (2013), and Topol et al. (2015) have found that the effect of membership on organizational commitment is positive and significant. O’Leary et al. (2011), Fry et al. (2011), and Chen et al. (2012) have also found that membership affects productivity as a measure of organizational performance. In contrast to the results of the study, Javanmard (2012), Perrin et al. (2014), and Soha et al. (2016) found that the direct relationship between the sense of community (membership) and performance is not significant.

Pfeffer (2003) states that membership means having a sense of being understood and valued, feeling like a part of a larger community, or being interconnected at work. Membership involves feelings, beliefs, and hopes to fit in the group, a feeling of acceptance by the group, and a willingness to sacrifice for the group. A sense of membership is the feeling that members have, the feeling that members are important to each other in a group, having a leader, and that the needs will be fulfilled through mutual commitment (McMilan, 1976).

Because membership is a feeling, it requires mediation in triggering an increase in performance, as proven by Javanmard (2012), Perrin et al. (2014), and Soha et al. (2016). Such mediation is an organizational commitment that has been shown to have a positive and significant relationship with performance (Meyer & Allen, 1991; Bhatti et al., 2011; Irefin & Mechanic, 2014). Based on empirical evidence, the hypothesis in this study is:

**H9:** Organizational commitment mediates the influence of membership on organizational performance.

Based on the description above, the research framework is shown in Figure 1.

**Figure 1:** Conceptual Framework
3. Research Method

The operational definitions of the variables used in this study can be seen in Table 1.

This study was conducted LPDs in Bali. There are three motivations to choose LPDs as the subject in this study:

1) LPDs have undeniably experienced promising developments in Bali Province in terms of assets as well as funds collected from the community; however, LPDs generally have to improve their performance, seen from their health ratings. The comparison of health ratings between healthy and quite healthy, less healthy, unhealthy, and stagnant LPDs is 71.31% compared to 28.69% (Table 1.1). This may relate to the spiritual leadership to trigger an increase in organizational commitment and is interesting to study as to reveal whether spiritual leadership values have been applied in LPD management since LPDs are a financial institution based on local wisdom.

2) To date, LPD performance appraisals prioritize financial performance. LPDs are traditional institutions deemed necessary to expand performance measurement on non-financial aspects. This study measures LPD performance holistically, both from a financial and non-financial perspective.

3) To date, there have been many studies examining the influence of spiritual leadership as a basis for growing calling and membership to drive organizational commitment and LPD performance. This is considered important considering that LPD management places more emphasis on spiritual values.

To test the empirical model and the proposed hypothesis-inferential analysis techniques are used. The analysis technique used in this study is a structural equation model (SEM) based on variants or components called Partial Least Square (PLS). PLS is an analytical method that has the advantage of being powerful (Ghozali & Latan, 2015; Hair et al., 2011); SEM-PLS analysis techniques are carried out with the help of the SmartPLS 3 software application program. The reasons for using PLS in this study are as follows:

1) The form of the influence model in this study is structured. Structural models involve more than one endogenous variable, and each variable is in a structured (tiered) form. The form of structure in this study is seen from the direct influence of spiritual leadership on calling, spiritual leadership on membership, calling on organizational commitment, membership on organizational commitment, calling on organizational performance, membership on organizational performance, and organizational commitment on organizational performance. In addition, calling mediates the influence of spiritual leadership on organizational commitment; membership mediates the influence of spiritual leadership on organizational commitment; organizational commitment mediates the influence of calling and membership on organizational performance. The variables studied are not directly measured but indirectly through the indicators. Some variables are measured in stages based on several dimensions, while dimensions are measured by several indicators. In this case, a two-factor analysis (main component analysis) is carried out to obtain latent variable data, called as second order. This is in accordance with the empirical model of this study (Figure 4.1).

2) It is used in structural models arrangement based on a strong theoretical basis (confirmatory) or based on logic (premise) to produce propositions that have no theoretical basis for the purpose of prediction or expansion of the theory.

3) It does not require the variables to meet parametric analysis criteria such as multivariate normality.

4) PLS can be applied to all data scales, working efficiently with a small sample size (35–50) and complex models; constructs can be measured with one or many indicators.

5) The assumption of data distribution in SEM-PLS is relatively loose. In addition, it can analyze reflexive and/or formative measurement models.

6) The relationship between exogenous variables and endogenous variables can be tested and analyzed, both endogenous intervening and endogenous dependent, after which it can also be tested the validity and reliability of the research instruments used to see the goodness of the instrument itself.

7) Using SmartPLS 3, the output to be obtained can consist of the indirect effect and the simultaneous effect using the p-value, standard error, and effect size. Hypothesis testing by inserting the mediating variable can also be done using the output obtained. This assertion strengthens the use of PLS as an empirical model analysis tool for this research, namely the relationship of spiritual leadership, calling, membership, and organizational commitment with organizational performance.

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<table>
<thead>
<tr>
<th>Variables</th>
<th>Dimension</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spiritual Leadership (X)</td>
<td>Vision (X_1) is a statement agreed upon by all LPD stakeholders as a guide for the management's steps towards the desired future.</td>
<td>X_{1.1}: Understanding of vision  X_{1.2}: Vision statement  X_{1.3}: Inspirational vision  X_{1.4}: Clarity of vision.</td>
</tr>
<tr>
<td>Faith/hope (X_2) is the beliefs and expectations of the LPD management as the basis for carrying out the mission to achieve its vision.</td>
<td>X_{2.1}: Having confidence  X_{2.2}: Carry out faith  X_{2.3}: Be persistent and put in more effort  X_{2.4}: Challenging objectives.</td>
<td></td>
</tr>
<tr>
<td>Altruistic love (X_3) is the attitudes and behavior of LPD managers who place the LPD's interests ahead of personal interests.</td>
<td>X_{3.1}: Concern  X_{3.2}: Works as discussed  X_{3.3}: Honest  X_{3.4}: Trustworthy and faithful  X_{3.5}: Courage  X_{3.6}: Be attentive</td>
<td></td>
</tr>
<tr>
<td>Calling (M_1)</td>
<td>Calling is the main characteristic of LPD management that employees admire and gives credibility to the management in motivating themselves and employees to perform and satisfy people's basic needs.</td>
<td>M_{1.1}: The work done is very important for oneself  M_{1.2}: Personal meaningful work  M_{1.3}: Work means a lot to oneself  M_{1.4}: The work done makes a difference in people's lives</td>
</tr>
<tr>
<td>Membership (M_2)</td>
<td>Membership for LPD administrators is a feeling of being understood and valued by the LPD, a feeling of belonging to the LPD community, or a sense of connectedness at work (LPD).</td>
<td>M_{2.1}: Taste is understood in LPD  M_{2.2}: Feeling valued in the LPD  M_{2.3}: A valuable taste in LPD  M_{2.4}: Respect in the LPD</td>
</tr>
<tr>
<td>Organizational Commitment (Y_1) Affective Commitment (Y_{1.1}) is the emotional involvement of the LPD management in the organization in the form of feelings of love for the LPD.</td>
<td>Y_{1.1.1}: Do your best for the LPD to be successful  Y_{1.1.2}: Often tell other people that LPD is a very good place to work  Y_{1.1.3}: Willing to do whatever work assigned as long as he can continue to work in the LPD  Y_{1.1.4}: Proud to be part of the LPD  Y_{1.1.5}: Very happy to choose LPD as a place to work  Y_{1.1.6}: Very concerned about the sustainability of the LPD  Y_{1.1.7}: LPD is the best place to work</td>
<td></td>
</tr>
<tr>
<td>Continuous Commitment (Y_{1.2}) is the management's perception of the costs and risks of leaving the LPD.</td>
<td>Y_{1.2.1}: Maybe working in another place as long as the type of work is the same as that done in the LPD  Y_{1.2.2}: There has been little change in the environment after joining the LPD  Y_{1.2.3}: There is not much benefit from the LPD  Y_{1.2.4}: Deciding to work for the LPD was a big mistake</td>
<td></td>
</tr>
<tr>
<td>Normative Commitment (Y_{1.3}) is the moral dimension of LPD management based on a feeling of obligation and responsibility to the LPD where they work.</td>
<td>Y_{1.3.1}: Has low loyalty to LPD  Y_{1.3.2}: Personal goals and goals of the LPD are the same  Y_{1.3.3}: LPD inspires you to be able to show your best performance  Y_{1.3.4}: Often feels that they disagree with the policies and regulations imposed on the LPD</td>
<td></td>
</tr>
</tbody>
</table>
framework is derived from the concept of Fry et al. (2011) about spiritual leadership that gives positive effects on calling and membership (Fry et al., 2011), and various other studies proving the positive effects of spiritual leadership against calling and membership (Bodla & Ali, 2012; Chen et al., 2012; Mansor et al., 2013; Bodla et al., 2013).

This study traces the sustainability of organizational commitment in building productivity represented through organizational performance (Meyer & Allen, 1991; Meyer et al., 2002; Shaw et al., 2003); the same is found by Shagholi et al. (2011), Bhatti et al. (2011), Dost et al. (2011), and Irefin and Mechanic (2014) strengthening Shaw et al. (2003) about the role of organizational commitment on organizational performance. The relationship between constructs is based on the theory presented above, a research model that can be used to develop a theory of spiritual leadership in the future.

Bodla and Ali (2012) use it to trace the spiritual role in the banking industry in Pakistan. Mansor et al. (2013) employ the model for spiritual research in the oil and gas sector in Malaysia. The above research has given more understanding that spiritual leadership is an empirical fact that can shape the future; this has placed leadership as fundamental in developing organizations to become more effective and competitive.

5. Discussion

This research has outlined organizational commitment as a construct thought to be theoretically strategic to empower organizations through calling and membership to increase organizational commitment in an effort to improve the performance of LPDs as a business unit. The theoretical framework is derived from the concept of Fry et al. (2011) about spiritual leadership that gives positive effects on calling and membership (Fry et al., 2011), and various other studies proving the positive effects of spiritual leadership against calling and membership (Bodla & Ali, 2012; Chen et al., 2012; Mansor et al., 2013; Bodla et al., 2013).

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5.1. The Effect of Spiritual Leadership on Calling and Membership

The results of the analysis show that spiritual leadership has a positive and significant effect on calling, as the t-statistic is 2.097 (t-statistics > 1.96); thus, the hypothesis

<table>
<thead>
<tr>
<th>Construct</th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Std. Dev</th>
<th>t-Statistic</th>
<th>P Values</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Int. Effect: M₁ → Y₁ → Y₂</td>
<td>0.267</td>
<td>0.305</td>
<td>0.124</td>
<td>2.154</td>
<td>0.016</td>
<td>Support</td>
</tr>
<tr>
<td>Int. Effect: M₂ → Y₁ → Y₂</td>
<td>0.224</td>
<td>0.259</td>
<td>0.090</td>
<td>2.486</td>
<td>0.007</td>
<td>Support</td>
</tr>
<tr>
<td>M₁ → Y₁</td>
<td>0.233</td>
<td>0.222</td>
<td>0.102</td>
<td>2.280</td>
<td>0.012</td>
<td>Support</td>
</tr>
<tr>
<td>M₂ → Y₁</td>
<td>0.541</td>
<td>0.534</td>
<td>0.187</td>
<td>2.874</td>
<td>0.002</td>
<td>Support</td>
</tr>
<tr>
<td>M₂ → Y₁</td>
<td>0.422</td>
<td>0.433</td>
<td>0.159</td>
<td>2.652</td>
<td>0.004</td>
<td>Support</td>
</tr>
<tr>
<td>M₁ → Y₂</td>
<td>−0.099</td>
<td>−0.167</td>
<td>0.120</td>
<td>0.827</td>
<td>0.205</td>
<td>Not Support</td>
</tr>
<tr>
<td>X → M₁</td>
<td>0.299</td>
<td>0.308</td>
<td>0.143</td>
<td>2.097</td>
<td>0.019</td>
<td>Support</td>
</tr>
<tr>
<td>X → M₂</td>
<td>0.400</td>
<td>0.398</td>
<td>0.128</td>
<td>3.137</td>
<td>0.001</td>
<td>Support</td>
</tr>
<tr>
<td>X → Y₁</td>
<td>0.208</td>
<td>0.217</td>
<td>0.085</td>
<td>2.443</td>
<td>0.008</td>
<td>Support</td>
</tr>
<tr>
<td>Y₁ → Y₂</td>
<td>0.269</td>
<td>0.257</td>
<td>0.090</td>
<td>2.985</td>
<td>0.002</td>
<td>Support</td>
</tr>
<tr>
<td>Y₁ → Y₂</td>
<td>0.269</td>
<td>0.257</td>
<td>0.090</td>
<td>2.985</td>
<td>0.002</td>
<td>Support</td>
</tr>
</tbody>
</table>
(spiritual leadership has a positive and significant effect on calling) is empirically proven. Spiritual leadership also has a positive and significant effect on membership, as the \(t\)-statistic is 3.137 (\(t\)-statistic > 1.96); this means that the stronger the spiritual leadership, the stronger calling, and membership will be.

Based on the estimation, faith or hope is not an important dimension forming spiritual leadership in LPD management in Bali. When the spiritual leadership construct is mapped in its relation to a number of other constructs, spiritual leadership has a significant role in influencing calling (\(M_c\)) and membership (\(M_m\)). Although both are significantly based on statistical tests, the estimation shows that the spiritual leadership relationship with membership is the most important compared to its relationship to the calling construct. This shows that calling can be predicted to be an essential dimension or a driver that will move spiritual leadership to the next level of structural relations (Figure 6.1).

### 5.2. The Effect of Calling and Membership on Organizational Commitment

The results of the analysis show that calling has a positive and significant effect on organizational commitment, as the \(t\)-statistic is 2.280 (\(t\)-statistics > 1.96); thus, the hypothesis (calling has a positive and significant effect on organizational commitment) is empirically proven. Membership also has a positive and significant effect on organizational commitment, as the \(t\)-statistic is 2.652 (\(t\)-statistic > 1.96); this means that the stronger calling and membership of LPD staff, the stronger their organizational commitment will be.

The practice of strengthening loyalty, cooperation, and building motivation in the context of LPDs lacks the attention of LPD managers; this is an activity to be increased in the future because membership is proven significant in influencing organizational commitment. The three components that make up spiritual leadership are vision, faith, and altruistic love as ideal concepts, while estimation shows that calling and membership are further extensions of the ideal concepts (Fry et al., 2005; Fry et al., 2011).

This study supports Fry et al. (2011), Bodla and Ali (2012), and Mansor et al. (2013) that membership strongly influences organizational commitment.

### 5.3. The Effect of Calling, Membership, and Organizational Commitment toward Performance

The results of the analysis show that calling has a positive and significant effect on organizational performance, as the \(t\)-statistic is 2.874 (\(t\)-statistics > 1.96); thus, the hypothesis (calling has a positive and significant effect on organizational performance) is empirically proven. Organizational commitment also has a positive and significant effect on performance, as the \(t\)-statistic is 2.985 (\(t\)-statistic > 1.96); this means that the stronger calling and organizational commitment of LPD staff, the stronger LPD performance will be.

There are different results for the relationship of membership with organizational performance. The hypothesis (membership has a positive and significant effect on LPD performance) cannot be proven, as the \(t\)-statistic is 0.827 (\(t\)-statistic < 1.96). This may happen because membership of the LPD at the board level isn’t developed as a marvel straightforwardly related to organizational performance, even though theoretically and empirically membership influences productivity (performance) (Chen et al., 2012). The results of this study support Javanmard (2012), Perrin et al. (2014), and Soha et al. (2016) that the direct relationship between the sense of community (membership) and performance is not significant, even though through qualitatively no indicators that explicitly state that membership as a perception of LPD officials does not move their thoughts and conduct in improving organizational performance. The LPD board strongly perceives the sense of membership with an average of 3.64 (Table 5.6), yet it is not enough to realize organizational performance, given that it is still in the form of sense and perception that cannot be implemented by all LPD components. Thus, the direct relationship of membership in the items does not appear to have the dynamics moved directly into organizational performance. Therefore, membership requires mediation in triggering an increase in organizational performance, i.e., through organizational commitment.

The non-significant result on the relationship between membership and organizational performance is caused by indicators having below-average values in both the latent of membership and organizational performance. The membership indicator with a value below the 3.64 average is “feel respected” at 3.61 and “feel valued” at 3.62. Likewise, organizational performance has an average value of 3.99, and there are three dimensions with values below the average, i.e., “social performance” at 3.96, “customer perspective” at 3.85, and “internal business process” at 3.84.

The results of this study are also different from the results of some previous studies, including the views of Hudson (2013), who consistently confirms the reality that spiritual leadership plays a job in molding person employees to be on duty and place themselves as a feature of the association, as well as in building employee motivation to achieve organizational goals.

Yesil and Kaya (2013) prove that spiritual leadership has a very strong relationship in building togetherness that strengthens business organizations. Benefiel (2005) presents the empirical fact that spiritual leadership can realize
the core organization values, where spiritual leadership has succeeded in conditioning employee inspiration to act in order to strengthen business organizations. There is no denying that business performance and organizational competitiveness are very much determined by the role of human resources (Mansor et al., 2013), so research on employee working conditions has also become the center of attention as a framework in building business organizations.

The contradictory findings may be caused by the fact that the implementation of spiritual leadership has been on a pure profit-oriented business; this study examines membership in LPDs, an organization which does not fully act as merely a business institution to collect profit since LPDs play a social crucial found in numerous microfinance organizations in Indonesia alluded to as second-level banking that plays a dual role, i.e., gaining profit and simultaneously help to realize the welfare of the community (Fernandez et al., 2001).

Unlike commercial business entities that are entirely profit-oriented, LPDs are not entirely profit-oriented. LPDs belong to desa adat, so human resources will be chosen not merely in the light of pertinent business rules, however more on democratic principles and aspirations of citizens strongly tied to explicit nearby norms and culture based on Paruman Adat (Hobart, 1979). The character of Desa adat in Bali based on indigenous Banjar resistance to changes in social dynamics has been proven by Noviasi et al. (2015) on the function of Banjar adat in North Sulawesi, whose origin is precisely the same as Banjar adat in Bali.

This study proves that having a strong relationship with a business enterprise does not apply to LPDs whose management mechanism is determined mainly by the democracy forum in Banjar adat, which is known to be very resistant and not easily accept changes in the dynamics of system development. That membership builds organizational performance (Benefiel, 2005). It builds business competitiveness (Duchon and Plowman, 2005) is not found in LPDs as a financial institution, as LPDs are fully regulated by Paruman Banjar adat.

Banjar adat is the smallest community unit at Desa adat in Bali; it has autonomous rights and regulates the rights and obligations of citizens democratically through Banjar meetings (sangkep).

The people of Banjar are very much bound by everything based on the Paruman of decisions led by Kelian Banjar Adat. Every person in Banjar is firmly bound to the results of Paruman that have been set. Thus, the leader or Kelian Banjar Adat functions as a mediator who carries out Paruman decisions; thus, the leader acts as a culture broker in the anthropology literature (Geertz, 1981), where the leader acts more as an agent than as a leader.

As LPDs are village-owned financial organizations of Desa adat, all employees working in LPDs are representatives of Desa adat, so they are attached to the interests and aspirations of the Banjar people they represent; thus, it appears that membership becomes insignificant in building direct organizational performance, as employees are bound to the those they represent, and they must discuss everything with the trustee of Banjar organizations in LPD organizational management. Thus, organizational commitment is the pathway needed by employees to drive services in order to manufacture LPD authoritative execution.

It can be deduced that employees’ initiative to build organizational performance directly is non-significant, as employees are very much tied to the aspirations of the adat groups they represent. Thus, the strategy of mediating with LPD management is used to align the interests of the Banjar; Thus, a membership which only goes through mediation by organizational commitment represents the fact of Balinese traditional culture to achieve the two at the same time, i.e., organizational performance accompanied by harmonization to avoid conflict.

Nevertheless, cooperation is regulated through the Paruman Banjar mechanism as a decision accepted and done by the Banjar community. This way, LPD employees who are representatives of Banjar are tied to the decisions of Paruman Banjar decision. They become bound in togetherness as to comply with Paruman Banjar. In view of these realities, fellowship expects intervention to construct harmonization, in which not all aspirations in Banjar adat can be actualized straightforwardly. Hence, intervention through hierarchical responsibility is a method of harmony to construct harmonization that is driven through the operator initiative model (Geertz, 1981).

As previously explained, examining the relationship of organizational commitment, calling, and membership with organizational performance (Y,.) shows that membership cannot be proven to have a significant effect on organizational performance. Thus, the constructs having a direct relationship with organizational performance is calling and organizational commitment, by ignoring membership.

6. Conclusion

This study was built based on the spiritual leadership framework as referred to by Fry et al. (2011) and several empirical research support from Bodla and Ali (2012), Chen et al. (2012), and Mansor et al. (2013). This research develops and explores organizational commitment as a mediating variable expected to improve a number of inspired components and is the continuity of spiritual leadership, namely calling and membership, expected to realize strengthening of organizational commitment in order to build business productivity (Greenhaus et al., 2003). The same thing is also confirmed by (Shagholi et al., 2011; Bhatti
This study also carried out a single construct on the spiritual leadership theory of Fry et al. (2011), so it was mapped to the SEM PLS as a formative dimension.

This present study also attempts to explore in more detail about the dimensions of spiritual leadership and vision, faith or hope, and altruistic love were chosen as dimensions that form spiritual leadership. Two other constructs considered important are organizational commitment, reflected by affective commitment, normative commitment, and continuous commitment, and organizational performance, reflected by financial performance, social performance, customer perspective, learning and growth, and internal business. Besides, organizational performance is also mapped as a latent hierarchy model at the second-order level.

This study reaffirms the results of the analysis submitted into three components of research output, namely theoretical contributions, methodological contributions, and managerial contributions (practical contributions).

As discussed earlier, the theoretical framework prepared in this study is to examine the role of spiritual leadership as an approach to understand theoretical patterns expected to be expressed in more detail in the leadership model of LPDs as a financial institution in Bali. The theory known to be related to spiritual leadership is Fry et al. (2011), as well as the support of a number of subsequent studies by Afsar et al. (2016) and Chen and Li (2013), in which spiritual leadership encourages work motivation based on work meaningfulness and motivation to move the organization based on current conditions to strengthen employees to being part of the organization. Afsar et al. (2016) and Chen and Li (2013) are the latest references taken into consideration to get the direction of theoretical and empirical development of the role of leadership in organizational performance.

Testing on the theory by Fry et al. (2011) on the empirical phenomena in this study is different from Afsar et al. (2016) and Chen and Li (2013). Afsar et al. (2016) focus more on the mediating role of spirituality at the workplace, while Chen and Li (2013) formulate calling and membership as mediators of spiritual leadership. This study places organizational commitment as a mediator of calling and membership, so the empirical contribution will differ from the two references mentioned above.

The study of spiritual leadership has increasingly emerged as a key strategy in moving business organizations. Dinh et al. (2014) state that the trend of studies on leadership has been increasingly prominent in the last 10 years to address the challenges and needs of business management practices through the strategic role of leadership types needed by corporate organizations in various sectors of business and investment activities. Fry et al. (2005, 2011) and Chen & Li. (2013) prove the strategic role of spiritual leadership in driving organizational commitment. Strengthening organizational performance has been demonstrated empirically through the role of organizational commitment (Shagholi et al., 2011); Irefin and Mechanic (2014) reinforce the statement of Shagholi et al. (2011) about the role of organizational commitment that has an impact on organizational performance.

The current era of globalization has made market competition increasingly competitive, thus forcing all business sectors and activities to be responsive to the direction of market competition. In order to prepare the organizational resources to be responsive and competitive, managerial quality is needed to establish the sustainability of the business sector towards changes in market dynamics. Saad et al. (2015) prove that spiritual leadership contributes significantly to building organizational commitment to encourage the business world’s sustainability in responding to market competition. This study even proves the dual role of organizational commitment as a mediation of calling and membership to generate organizational performance.

This research gained confidence based on several references previously submitted and empirical evidence of this study to conclude that business management practices, especially LPD business in Bali, has arrived at a point to develop a leadership strategy through the development of a spiritual leadership model as referred to by Fry et al. (2011) and a number of previous studies (Bodla and Ali, 2012; Mansor et al., 2013; Chen et al., 2012).

The results of this study also form the basis of practical implications for the Regional Government and House of Representatives of Bali in the preparation of Regional Regulations by anticipating various problems that may arise in relation to LPD management, especially concerning the leadership pattern by forming an independent supervisory institution as a form of responsibility of LPD to Desa adat and Balinese people in general.

This research has limitations so that there is ample opportunity to develop further studies. First, this study does not claim that the research results can be applied well to other research subjects because the unique factors of each research subject can change the arrangement of factors that affect organizational commitment and organizational performance. Second, with the descriptive analysis of this study, there is no manipulation or control of organizational commitment, which affects organizational performance, as was done in an experimental design study. Thus, the relationship between constructs in this study requires confirmation from further studies. A further limitation is that the research designed focuses more on prediction with a small sample. The opportunity to get a more accurate estimation result can only be done by using a large sample.
References


