



International Journal of Human Capital  
Management  
E-ISSN 2580-9164  
Vol. 7, No. 1, June 2023, p 128-140

Available online at  
<http://journal.unj.ac.id/unj/index.php/ijhcm>

## THE EFFECT OF SPIRITUAL LEADERSHIP ON EMPLOYEE ENGAGEMENT: THE ROLE OF ORGANIZATIONAL COMMITMENT AS AN INTERVENING VARIABLE

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### ABSTRACT

*The purpose of this paper is to determine the influence of spiritual leadership on employee engagement with organizational commitment as an intervening variable. This research used a quantitative approach to reveal the relationship between research variables with Structural Equation Modeling (AMOS-SEM) as a data analysis tool. The findings of this research are Spiritual Leadership has a positive and significant influence on employee engagement. Organizational commitment has a positive and significant influence on mediating spiritual leadership to employee engagement. This research provides a new perspective on Human Resource Management with KSPPS BMT UGT Nusantara as the research object.*

**Keywords:** *Spiritual Leadership, Employee Engagement, Organizational Commitment*

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Received: 15 May 2023

Accepted: 28 June 2023

Publish: June 2023

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### How to Cite:

Siswanto, A, et.al. (2023). The Effect of Spiritual Leadership on Employee Engagement: The Role of Organizational Commitment as an Intervening Variable. *International Journal of Human Capital Management*, 7 (1), 128-140. <https://doi.org/10.21009/IJHCM.07.01.10>

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## INTRODUCTION

Organization is defined as a group of people who work together to achieve a common goal (Schermerhorn et al., 2010). Specifically, the organization is the integration of social entities that are directed to a particular goal, designed as a system of activities that are structured and coordinated, and related to the external environment (Daft, 2008). Elements of the organization are not represented by the existence of a building or a certain set of policies or procedures, but the elements of the organization consist of people, and the correlation between these people with each other. Currently, organizations are required to be able to achieve rapid growth, accompanied by continuous improvement, increased profitability, and maturity of preparation for the future.

One of the organizations engaged in the microfinance sector in Indonesia is the Cooperative. At present the role of microfinance institutions in the Indonesian economy is becoming increasingly important. According to Financial Services Authority's report (2019), Indonesia's financial inclusion index reached 76.19%. This then encourages Bank Indonesia as the central bank to increase financial inclusion by prioritizing synergies between bank financial institutions, microfinance institutions and non-bank financial institutions to achieve financial stability (Ahmad & Harahap, 2020). In addition, the rise of Islamic finance in the 1990s in Indonesia has made Islamic banks and Islamic microfinance institutions a desirable alternative (Suseno, 2020). Suseno (2020) also stated that Islamic microfinance institutions, which became known as Baitul Maal wat Tamwil (BMT), developed rapidly so that more than 3,000 BMTs had been established which developed in less than a decade. According to the same source, there are at least two main market players engaged in Islamic microfinance in Indonesia, namely Islamic People's Financing Banks (BPRS) and Sharia Savings and Loans and Financing Cooperatives (KSPPS, also known as BMT). In 2017, it is estimated that the total financing provided by all sharia microfinance institutions reached IDR 37.34 trillion, of which KSPPS or BMT made the largest contribution, namely 61.88 percent (Suseno, 2020).

KSPPS is a cooperative whose business activities include savings, loans and financing according to sharia principles, including managing zakat, infaq/almos and endowments. And institutionally BMT/KSPPS is a sharia microfinance institution, which operates based on Sharia principles, because its characteristics are in accordance with the definition of a Microfinance Institution or LKM issued by the Financial Services Authority (2017): "Microfinance Institutions (LKM) are financial institutions that specifically established to provide business development services and community empowerment, either through loans or financing in micro-scale businesses to members and the community, managing deposits, as well as providing business development consulting services that are not solely seeking profit" (Financial Services Authority, 2017).

One of the KSPPS in Indonesia that is very prominent is KSPPS BMT UGT Nusantara which in 2017 won the achievement of being ranked 4th out of 100 Large Cooperatives in Indonesia, having assets of IDR 2.2 trillion and business volume of IDR 2.05 trillion. So that for the special category of KSPPS, KSPPS BMT UGT Nusantara was ranked first (Bakhri, 2017). KSPPS BMT UGT Sidogiri which later changed its name to KSPPS BMT UGT Nusantara, made through Amendments to the Articles of Association on December 31, 2020 with Legal Entity No. AHU.0002288.AH.01.28.TAHUN 2020 with the name of the Baitulmal Wattamwil Syariah Savings and Loans Cooperative Nusantara Integrated Enterprises which is abbreviated as KSPPS BMT UGT Nusantara.

The presence of KSPPS BMT UGT Nusantara is an interesting phenomenon because the existence of this institution is from the background of its founders, all of whom have Islamic boarding school backgrounds, especially the Sidogiri Islamic Boarding School, Pasuruan, East Java. Those founders were not at all the alma mater of the pre-existing Islamic financial institutions, then armed with the cultural values they had received at the Islamic boarding school, with endeavor and hard work, on 05 Rabiul Awal 1421 H coincided with 06 June 2000 the BMT UGT Nusantara Cooperative was founded (Bakhri, 2015).

Leadership is one of the essential factors in the organization. Literature on leadership in organizations has developed many concepts and theories that focus on one side of leadership such as behavior, skills, traits, abilities, and contextual factors. (Samul, 2020). This then points to a tendency towards a lack of emphasis on the emotional, ethical and authentic aspects of leadership concepts and theories (Thompson, 2004). The issue of spirituality itself is widely discussed by researchers (Isaacson, 2002). Spiritual leadership theory begins with the development of issues of spirituality in the context of religion, then develops into the realm of management and organizational science (Samul, 2020). Most managers in organizations focus on creating a clear organizational vision, a favorable organizational culture, inspiring employees to increase the organization's competitive advantage (Chen & Li, 2013).

Spiritual leadership is an approach that represents this management pattern by combining vision, hope/belief, and altruism for oneself and others. Simply, Spiritual leadership is a leadership style that is oriented towards adapting a person to motivate himself and others through an intrinsic approach based on certain values, attitudes and behaviors to achieve meaning in organizational life. (Fry et al., 2005). The author also adds a personal prophetic leadership dimension to the spiritual leadership variable. This is done to add and strengthen the element of religiosity which is based on the leadership of the Prophet Muhammad SAW, which is also relevant to the background of the research object, namely Islamic-based institutions. Research on spiritual leadership that influences organizational development and transformation is relatively common (Wang et al., 2019). So that the approach through the influence of spiritual leadership on individuals, in this case employees, is interesting to do.

Furthermore, Sunny & Joshua (2016) states that employee engagement is a much-discussed research focus in human resources and organizational sciences. Involvement is consistently shown as something that is given by employees that is beneficial to the organization with the integration of commitment, dedication, advocacy, management efforts, and using maximum potential and supporting organizational goals and values (Robertson-smith & Markwick, 2009). Employees who show a high level of employee engagement, feel a sense of attachment to the organization. They endow themselves not only in the roles they occupy, but also in the organization as a whole (Woodka, 2014). Employee engagement is a stronger aspect than employee satisfaction as a predictor of organizational success (Robertson-smith & Markwick, 2009). This is due to the two-way reciprocity of engagement. Employee involvement can represent cognitive and emotional elements which also describe a two-way relationship between employees and superiors.

The novelty of the research in this study lies in the research object. The object in this study is the largest sharia microfinance institution in Indonesia, namely the BMT UGT Nusantara Savings and Loans and Financing Cooperative (KSPPS). Human resource management in KSPPS BMT UGT Nusantara can be said to be a reckless bond, where the majority of members of the organization are relatively homogeneous in terms of educational background, who are alumni of Islamic boarding schools who have never had any contact with the activities of companies that manage microfinance according to sharia. According to Bakhri (2018) that the initiators and founders of BMT in the Sidogiri Islamic Boarding School environment at first did not have any experience related to the management of economic institutions in the form of sharia cooperatives. Research on employee engagement has been investigated by several previous studies, including those in financial institutions. As research conducted by Ahakwa et al. (2021), Aktar (2018), Aktar & Pangil, (2017), Albdour & Altarawneh (2014), Berry & Morris (2008), Dajani (2015), Esmaelinezhad et al. (2015), Hussain et al. (2021), Obuobisa-Darko (2020), S. Dayrit & Lacap (2020), Shams et al. (2020), Shaukat & Asadullah (2014), Sunny & Joshua (2016), Uddin et al. (2019). Although there have been relatively many studies using employee engagement (Employee Engagement) in the financial industry, research on the factors that influence these variables in Cooperative-type Microfinance Institutions is still difficult to find, especially in Islamic Cooperatives.

## LITERATURE REVIEW

### Spiritual Leadership

The definition most commonly used to explain spiritual leadership is the definition proposed by Fried (2003, 2005) which defines spiritual leadership as "spiritual leadership consisting of the values, attitudes, and behaviors that are necessary to intrinsically motivate oneself and others so that they have a sense of spiritual survival through calling and membership". Fried (2003, 2005) describes that the quality of spiritual leadership is formed on the dimensions of vision (vision), altruism (altruistic love), and hope/belief (hope/faith). Furthermore, the author adds a personal prophetic leadership dimension based on the theory put forward Maktumah & Minhaji (2020), and Sham (2017), and Anthony (2007) in the spiritual leadership variable. spiritual leadership success is measured using 4 dimensions namely, (1) vision dimension; (2) belief/hope; (3) altruism; and (4) prophetic leadership.

**H1: Spiritual Leadership directly has a positive influence on Employee Engagement**

**H2: Spiritual Leadership directly has a positive influence on Organizational Commitment**

### Employee Engagement

Schaufeli et al. (2006) defines employee engagement as "A positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption". Employee engagement is a positive, satisfying, and work-related state of mind characterized by passion, dedication, and absorption. In line with Harter et al. (2002) which defines employee involvement as "The individual's involvement and satisfaction with as well as enthusiasm for work". Employee engagement is individual engagement and satisfaction with enthusiasm for work. Equipped with Maslach et al. (2001) "The opposites of three features of burnout: energy, participation, and effectiveness". Employee engagement as the opposite of the three characteristics of burnout: energy, participation, and effectiveness. Employee engagement is measured using 3 dimensions namely, the dimensions of Vigor, Dedication and Absorption.

**H3: Organizational Commitment directly has a positive influence on Employee Engagement**  
**Organizational Commitment**

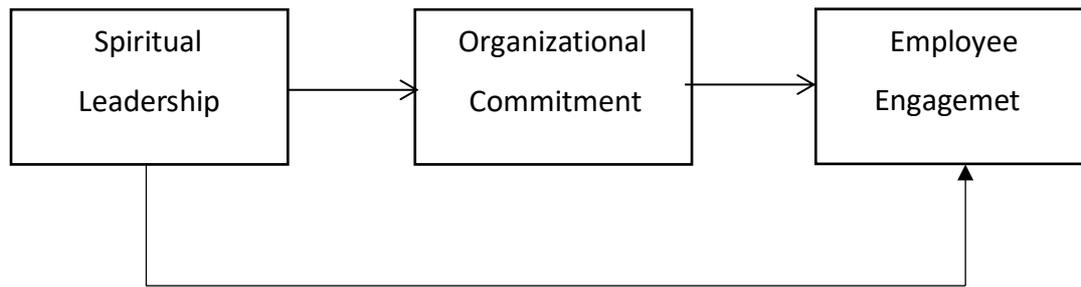
In his book entitled "Organizational Behavior: Improving Performance and Commitment in the Workplace", Colquitt et al. (2015) define organizational commitment with "Organizational commitment is the desire on the part of an employee to remain a member of the organization". Meyer & Allen (1991) organizational commitment is "Commitment is a psychological state that (1) characterizes the employee's relationship with the organization, and (2) has implications for the decision to continue or discontinue membership in the organization". Organizational commitment is a psychological relationship between employees and the organization which has implications for the decision to continue membership in the organization. Organizational commitment consists of the dimensions of affective commitment, continuance commitment and normative commitment.

**H4: Organizational Commitment intervening Spiritual Leadership and Employee Engagement**

## METHODOLOGY

This research is a research aimed at finding the influence between variables. This study uses secondary data with a questionnaire as a data collection method and the Partial Least Square - Structural Equation Modeling (PLS-SEM) approach as a statistical analysis method. The following is the framework that will be used in this study:

## Sampling



**Figure 1. Research Framework**

The population in this study were employees who worked at the Office of the Savings and Loans Cooperative and Sharia Financing (KSPPS) BMT UGT Nusantara. The total population of employees of the BMT UGT Nusantara Savings and Loans Cooperative (KSPPS) is 1595 employees.

In general, the ideal number of samples used in research using SEM (Structural Equation Modeling) is a minimum of 100 samples (Ferdinand, 2005). This is in line with the opinion of experts where as many as 100-400 samples are recommended as a sample size recommendation because to avoid statistical tests which become insensitive to the data obtained by researchers if the sample size is smaller, vice versa, if it is larger it can become too sensitive (Hair et al., 2010, 2014; Sarstedt et al., 2020). Arikunto (2012) suggests that if the total population is less than 100 individuals, then the total sample is taken as a whole, but when the population is greater than 100 individuals, it is advisable to take 10-15% or 20-25% of the total population. So based on the calculation results, the number of samples is rounded up to 160 people. The sampling technique used is the Proportional Random Sampling technique.

## Measures

The variables in this study consist of spiritual leadership, organizational commitment and employee engagement. Each variable used is measured based on previous research work. Spiritual leadership is measured using the following indicators: (1) vision dimension; (2) belief/hope; (3) altruism; and (4) prophetic leadership (Fries 2003, 2005, Maktumah & Minhaji 2020, Sham 2017, Antonio 2007). Organizational commitment is measured using the following indicators: affective commitment, continuance commitment, and normative commitment (Colquitt et al., 2015; Meyer, 2016). Employee engagement is measured using the following indicators: the dimensions of Vigor, Dedication, Absorption. (Armstrong, 2012; Gustomo, 2015). All questionnaires were measured using a Likert scale of 1-5 (Never=1 to Always=5) and (Strongly Disagree=1 to Strongly Agree=5).

## RESULTS AND DISCUSSION

### Measurement Model Convergent Validity

**Table 1**  
**Outer Loading**

	ee	OCM	sl
OCM1	0.698		
OCM2	0.563		
OCM3	0.702		
OCM4	0.597		
OCM5	0.613		
OCM6	0.576		
OCM7	0.797		
OCM8	0.749		
OCM9	0.796		
EE1		0.775	
EE10		0.516	
EE2		0.617	
EE3		0.735	
EE4		0.773	
EE5		0.785	
EE6		0.780	
EE7		0.447	
EE8		0.577	
EE9		0.740	
SL10			0.601
SL11			0.769
SL12			0.687
SL13			0.713
SL14			0.529
SL2			0.567
SL3			0.622
SL4			0.662
sl5			0.746
SL6			0.671
SL7			0.674
SL8			0.705
SL9			0.630
<u>SL1</u>			<u>0.634</u>

Convergent validity is a measure that assesses the degree to which two measures of the same concept are correlated (Hair et al., 2014). Items that are indicators of a particular construct must unite or share most of the same variants. Several ways are available to estimate the relative amount of convergent validity among item sizes, one of which is the outer loading factor (Hair et al., 2011, 2014, 2017).

The size of the outer loading factor is one of the main concerns. If convergent validity is high, a high load on a factor will indicate that each construct converges at the same point. At a minimum, all value factors must be statistically significant when the standard has been exceeded. The outer loading value of 0.5 can be considered acceptable as long as there are several other factors in the same construct (Chin, 1998; Hair et al., 2014; Keil et al., 2000; Vinzi et al., 2010). Furthermore, items with a value of less than 0.4 must be excluded, in the sense that outer loading

results that are below 0.5 but still above 0.4 can still be included in the research construct.(Hulland, 1999; Vinzi et al., 2010). In this research constructthe majority have exceeded the minimum value of 0.5 so that it can be said that themajority of the construct indicators of this research are convergent valid. It can be seen that the EE7 indicator is below the minimum value of 0.5, but because the value is still above 0.4 it can still be included in the research construct. Thus, fromthe analysis of external loading factors, it can be concluded that all indicators in theconstruct of this study have sufficient convergent validity, in accordance with established standards.

### **Discriminant Validity**

**Table 2**  
**Fornell, C., & Larcker Criterion / Discriminant Validity**

	<u>ee</u>	<u>OCM</u>	<u>sl</u>
ee	<b>0.682</b>		
OCM	0.703	<b>0.685</b>	
sl	0.584	0.760	<b>0.661</b>

Discriminant validity is a method for measuring the degree to which a construct is completely different from another(Hair et al., 2014). Thus, high discriminant validity describes a condition in which a construct is included in a unique construct and at the same time captures several phenomena that cannot be captured by other measurements.(Hair et al., 2018). Through Discriminant Validity it can be proven that each indicator on the latent variable is considered not to confuse respondents who answered the questionnaire based on indicators on other variables, especially in terms of meaning.

Discriminant validity is considered fulfilled if the average variance extracted or the Average Variance Extracted (AVE) of the mean-variance extracted must be higher than the correlation involving latent variables with the criterion Fornell, C., & Larcker (1981)applied to this measurement(Hair et al., 2014; Kock & Lynn, 2012). In this study, the square root AVE value of each construct has a greater correlation value compared to the other constructs as attached in Table 2. Thus, based on the analysis of discriminant validity using the AVE method, it can be concluded that the constructs in this study meet the criteria of discriminant validity applied.

### **Cronbach's Alpha**

**Table 3**  
**Cronbach's Alpha & Composite Reliability**

	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
ee	0.859	0.885
OCM	0.869	0.895
sl	0.899	0.915

Cronbach's alpha measurement is intended to determine research instrument items regarding the suitability of the instrument if used twice to measure the same symptoms will produce consistent measurements (Hair et al., 2011). In this case, the use of Cronbach's alpha which is included in the sufficient category in reliability testing is acceptable if the value is more than 0.6 (Dahlan, 2014). Ideally, Cronbach's alpha value should exceed 0.7, but a value of 0.6 can be tolerated for exploratory research (Hair et al., 2014). In table 4.10 the Cronbach's alpha value for the EE variable is 0.859, the OCM variable is 0.869, and the SL variable is 0.899. This explains

that each variable in this construct is reliable because it meets the minimum Cronbach's alpha criteria, namely 0.6. Thus, based on the measurement results of Cronbach's alpha, it can be concluded that all variables in the construct are reliable or reliable in measuring the same symptoms, according to the minimum criteria of Cronbach's alpha reliability.

### **Composite Reliability**

In the composite reliability test, indicators on latent variables are tested to show internal consistency (Hair et al., 2017). Composite reliability values tend to be greater than Cronbach's alpha (Sarstedt et al., 2020). An indicator is said to be reliable if the composite reliability value is greater than 0.7 (Hair et al., 2017). Attached to Table 4.10, the composite reliability value of the EE variable is 0.885, OCM is 0.895, and SL is 0.915. This also explains that each variable is categorized as composite reliability because it has exceeded the minimum composite reliability limit of 0.7. Thus, it can be concluded that each variable in the construct is reliable or reliable in measuring internal consistency based on the results of composite reliability measurements.

### **Inner Model**

#### **R-Square**

**Table 4**  
**Mark R Square**

	<i>R Square</i>	<i>R Square Adjusted</i>
ee	0.507	0.497
OCM	0.604	0.599

R-Square is a measure of the proportion of variation in the value of the affected (endogenous) variable that can be explained by the influencing variable (exogenous) (Hair et al., 2014; Vinzi et al., 2010). This is done to predict the proportional or good level of the model (Lin et al., 2020). According to Chin (1998), an R square value of more than 0.67 is classified as strong, more than 0.33 is classified as moderate, and more than 0.19 backwards is classified as weak. If the exogenous variable is more than one, it is recommended to use R-square adjusted (Vinzi et al., 2010).

Table 4 shows the adjusted R-square model for line I, Employee Engagement (EE) which is influenced by Spiritual Leadership (SL). In track II, Organizational Commitment (OCM) is influenced by Spiritual Leadership (SL). Thus, based on the adjusted R-Square results, the model can explain some of the variations that occur in the relationship between the observed variables.

#### **F-square**

**Table 5**  
**Mark f square**

	<u>ee</u>	<u>OCM</u>	<u>sl</u>
ee			
OCM	0.273		
sl	0.002	0.412	

F-square is a measure used to assess the relative impact of (exogenous) variables that affect the (endogenous) variables that are affected (Vinzi et al., 2010). Changes in the R-square value when certain exogenous variables are excluded from the model can be used to evaluate whether the omitted variables have a substantive impact on the endogenous construct (Vinzi et al., 2010).

The f-square value criterion is based on Cohen (1988), where an f-square value of 0.02 is classified as a small influence, an f-square value of 0.15 is classified as a moderate influence, and an f-square value of 0.35 is classified as a large variable effect. exogenous to endogenous.

From table 5 it can be concluded that the f-square value of OCM on EE is 0.273 which is classified as a moderate influence, the f-square value of SL on EE is 0.002 which is classified as a small effect, the f-square value of SL on OCM is 0.412 which is classified as a large influence. Based on the F-Square values, it can be concluded that several exogenous variables have a significant impact on the endogenous variables in the model.

### Q-square

**Table 6**  
**Mark Q-square**

	SSO	SSE	Q <sup>2</sup> (=1- SSE/SSO)
ee	1476,000	1172,849	0.205
OCM	1640,000	1193,836	0.272
sl	2296,000	2296,000	

Predictive relevance (Q-square) is also known as Stone-Geisser's. this test was conducted to determine the predictive ability of the blindfold procedure (Vinzi et al., 2010). If the value obtained is 0.02, it is classified as small, 0.15 is classified as medium, and 0.35 is classified as large. Based on table 4.13, it can be concluded that the EE variable has a Q-Square value of 0.205, which is classified as a moderate predictive effect. The OCM variable has a Q-Square value of 2.272, which is also classified as a moderate predictive influence. Thus, these results indicate that the model has a fairly good ability to predict the EE and OCM variables based on the Q-Square criteria.

### Direct Effects

**Table 7**  
**Direct Effects**

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
H1 SL -> EE	0.055	0.050	0.117	0.470	0.638
H2SL -> OCM	0.589	0.591	0.075	7,836	0.000
H3 OCM -> EE	0.583	0.590	0.106	5511	0.000

Analysis of direct effect or direct effect is intended to test the hypothesis of the direct influence of a variable that influences (exogenous) on the variable that is influenced (endogenous). This study proposes 4 hypotheses, with 3 hypotheses to test the direct effect, and 1 hypothesis to test the indirect effect. Hypothesis testing uses bootstrapping analysis techniques that are tested through the path coefficient and P-value.

According to Sarstedt et al. (2020), the value of the path coefficient or path coefficient which is positive indicates that the influence of a variable on other variables is unidirectional. If the value of an exogenous variable increases, then the value of the endogenous variable also increases (Vinzi et al., 2010). The negative path coefficient or path coefficient value indicates that the effect of a variable on other variables is in the opposite direction (Sarstedt et al., 2020). The

path coefficient value itself can be seen in the table for the original sample section. If the exogenous variable value increases, then the endogenous variable value decreases (Vinzi et al., 2010). If the P-Values <0.05 it is considered significant. If the P- Values value is > 0.05, it is categorized as insignificant (Vinzi et al., 2010). Then if the t-statistic value is > 1.967 (= TINV (0, 05; 300-3) (t-table 5% significance) as an additional indicator determining the significance (Vinzi et al., 2010).

### Indirect Effects

**Table 8**  
**Indirect Effects**

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
H4 SL -> OCM -> EE	0.343	0.348	0.075	4,597	0.000

Analysis of the indirect effect or indirect effect is intended to test the hypothesis of the indirect effect of an influencing variable (exogenous) on an influenced variable (endogenous) which is mediated/mediated by an intervening variable (mediating variable). Refer to the Vinzi et al. (2010), in the indirect effect analysis, when the P-values are <0.05, it is considered significant. This can be interpreted that the variable acts as a mediator, by mediating the effect of exogenous variables on endogenous variables. In other words, the effect is indirect. Meanwhile, when the P-value is > 0.05, it is considered insignificant. This can be interpreted that the variable does not act as a mediator, does not mediate the effect of an exogenous variable on an endogenous variable. In other words, influence is direct influence(Vinzi et al., 2010). Then if the t-statistic value is > 1.967 (= TINV (0.05; 300-3) (t-table significance 5%) as an additional indicator determining the significance (Vinzi et al., 2010).

### Discussion

The estimation parameter for testing the effect of Spiritual Leadership on Employee Engagement shows a path coefficient value of 0.055. This value indicates a unidirectional influence. The results of the P-values show 0.172, this value indicates that it exceeds 0.05, so it is considered insignificant. Then the t- statistic value is 0.470, which is below 1.967, this indicates that the effect is not significant. These three values fulfill the conditions for accepting H0, rejecting H1. Thus it can be concluded that H0 is accepted, that is, there is no direct positive and significant effect of spiritual leadership on employee engagement. The higher the spiritual leadership, the lower the employee engagement of BMT UGT Nusantara employees. This can be explained by several factors. First, it is possible that other factors in the work environment have a greater influence on employee engagement. For example, organizational policies, work structures, and work climates that do not support employee engagement can become more dominant factors in influencing employee motivation and participation. In addition, there may also be differences in the interpretation and implementation of Spiritual Leadership among leaders. The influence of spiritual leadership can vary depending on individual understanding and commitment to the religious values held. Therefore, differences in leadership style and understanding of spiritual values between leaders and employees can affect the relationship between Spiritual Leadership and Employee Engagement.

The estimation parameter for testing the effect of Spiritual Leadership on Organizational Commitment shows a path coefficient value of 0.589. This value indicates a unidirectional influence. The results of the P-values show 0.000, this value indicates that it exceeds 0.05, so it is considered significant. Then the t- statistic value is 7.836, which is below 1.967, this indicates a significant influence. These three values fulfill the conditions for rejection of H0, acceptance of H1. Thus, it can be concluded that H0 is rejected, that is, there is a direct positive and significant

influence between spiritual leadership on Organizational Commitment. The higher the spiritual leadership, the higher the Organizational Commitment of BMT UGT Nusantara employees. The spiritual leadership variable can have a positive and significant influence on the organizational commitment variable because by following religious values that are used as prophetic examples, employees will have a deeper understanding of organizational goals and can feel connected to these goals spiritually. This can help in increasing employees' sense of attachment and commitment to the organization as well as helping employees to make the right decisions in maintaining their membership in the organization. Thus, the spiritual leadership variable can assist in strengthening the psychological relationship between employees and the organization as well as increasing the decision to continue membership in the organization.

The estimation parameter for testing the effect of Organizational Commitment on Employee Engagement shows a path coefficient value of 0.583. This value indicates a unidirectional effect. The results of the P-values show 0.000, this value indicates that it exceeds 0.05, so it is considered significant. Then the t-statistic value is 5.511, which is below 1.967, this indicates a significant influence. These three values fulfill the conditions for rejection of H<sub>0</sub>, acceptance of H<sub>1</sub>. Thus, it can be concluded that H<sub>0</sub> is rejected, namely there is a direct positive and significant influence between Organizational Commitment on employee engagement. The higher the Organizational Commitment, the higher the employee engagement of BMT UGT Nusantara employees. The Effect of Organizational Commitment on Employee Engagement can be explained by when employees have a strong commitment to the organization, employees tend to have a higher level of involvement in their work. Employees who feel loyal and attached to the organization will tend to be more motivated to give their best contribution to work, participate actively in organizational activities, and look for ways to improve their overall performance. In addition, employees with high commitment to the organization also tend to have strong beliefs about the values and goals of the organization. This can motivate them to strive for organizational goals and look for ways to make a greater contribution to organizational success.

Therefore, the estimation parameter for testing the effect of Spiritual Leadership on Employee Engagement through the mediation of Organizational Commitment shows a t-statistic value of 2.278, this value exceeds 1.96. With a P-value of 0.023 or below 0.05. Both of these values meet the conditions for rejection of H<sub>0</sub>, acceptance of H<sub>1</sub>. Thus it can be concluded that H<sub>0</sub> is rejected, that is, there is an indirect positive and significant influence between Spiritual Leadership on Employee Engagement through Organizational Commitment mediation or the Organizational Commitment construct plays a positive role in mediating the relationship between Spiritual Leadership and Employee Engagement. The explanation why the variable Organizational Commitment can mediate the relationship between Spiritual Leadership and Employee Engagement is because Organizational Commitment plays an important role as a factor influencing employees to maintain their ties with the organization, feel more attached to the goals and values of the organization, and thereby increase their engagement in their job. Therefore, Spiritual Leadership which is able to create and maintain emotional bonds with employees and the organization through spiritual values can increase Organizational Commitment and in turn increase Employee Engagement. This result is in line with the theory which states that Organizational Commitment can mediate the relationship between leadership style and employee involvement in the organization (Lestari, W. et al. 2020).

## **CONCLUSION**

Spiritual Leadership has a positive and significant influence on Employee Engagement. The higher the level of Spiritual Leadership, the higher the level of Employee Engagement. Spiritual Leadership has a positive and significant influence on Organizational Commitment. The higher the level of Spiritual Leadership, the higher the level of Organizational Commitment. Organizational Commitment has a positive and significant influence on Employee Engagement. The higher the level of Organizational Commitment, the higher the level of Employee Engagement. Organizational Commitment mediates the relationship between Spiritual Leadership

and Employee Engagement in a positive and significant way. Organizational Commitment becomes an important factor in maintaining employees' emotional bond with the organization, increasing their involvement in work.

From a managerial aspect, the implications of this research can be described as follows: Spiritual Leadership can be maintained or developed by considering the 'Persistence' indicator on the 'Dimension belief/hope' because it is included in the indicator that has the highest average value. Employee Engagement can be maintained or developed by considering the 'Dedication' dimension with its two indicators being in the top two positions. Organizational Commitment can be maintained or developed taking into account the dimension 'Affective Commitment' with its two indicators which are in the position of the two highest average values.

Recommendations from this study are intended for practitioners from KSPPS BMT UGT Nusantara. For managers or practitioners of KSPPS BMT UGT Nusantara, the recommendations from this research can be described as follows: Spiritual leadership can be increased by considering the 'fathanah' indicator on the dimension Personal Prophetic Leadership because it is included in the indicator that has the lowest average value. Employee engagement can be increased by considering the 'Absorption' dimension with its two indicators in the bottom two positions. Organizational Commitment can be increased by considering the 'Continuous Commitment' dimension with its two indicators being in the lowest two average values.

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