EFFECT OF SPIRITUAL LEADERSHIP AND PSYCHOLOGICAL CONTRACTS ON EMPLOYEE JOB SATISFACTION AT INDONESIAN ISLAMIC BANK (BSI) BANDUNG BRANCH

Usep Deden Suherman1*
Management Science Doctoral Program (DIM), UPI, Bandung, Indonesia
usepds@upi.edu
*Corresponding author

Eeng Ahman2
Management Science Doctoral Program (DIM), UPI, Bandung, Indonesia
eengahman@upi.edu

Disman3
Management Science Doctoral Program (DIM), UPI, Bandung, Indonesia
disman@upi.edu

Abstract

Background - Job satisfaction is a happy emotional state or positive emotion that comes from evaluating one's work or experience. With high job satisfaction will increase employee performance against the organization where they work. Lack of satisfaction with the company can lead to low employee performance. In this study related to job satisfaction of BSI Bandung Branch employees.

Aim - The aims of this study were to identify and analyze the influence of spiritual leadership and psychological contracts on employee job satisfaction at BSI Bandung Branch.

Design / Methodology / Approach – This study used descriptive and explanatory survey methods. The research was conducted on 90 BSI employees. Sampling was carried out using a saturated sampling technique. The data analysis technique used is Multiple Regression Analysis.

Findings – The results of this study show that spiritual leadership and psychological contracts partially or jointly have an impact on employee job satisfaction. Furthermore, a determinant value of 0.938 was obtained, this means that spiritual leadership and psychological contracts are able to explain employee job satisfaction of 93.8%. Meanwhile, 6.2% was caused by other factors.

Conclusion - The leadership of the BSI Bandung Branch must be able to implement spiritual leadership for employees and build a strong psychological contract for employees within the company. Job satisfaction needs to be improved again to improve organizational performance.

Research implication - To increase employee job satisfaction, it is necessary to pay attention to the attitudes and behavior of leadership shown by leaders to employees besides strengthening the psychological contract between employees and the organization.

Limitation - The scope of this research is limited to one particular company, so it does not reflect the situation of other institutions in the same study regarding spiritual leadership, psychological contract, job satisfaction

Keywords: Spiritual, Leadership, Psychological, Contract, Job, Satisfaction
Abstrak


Tujuan - Tujuan dari penelitian ini ialah mengetahui dan menganalisis pengaruh spiritual leadership dan kontrak psikologis terhadap kepuasan kerja karyawan di BSI Cabang Bandung.


Hasil dan pembahasan - Hasil penelitian ini menunjukkan spiritual leadership dan kontrak psikologis secara parsial maupun bersama-sama mempunyai dampak terhadap kepuasan kerja karyawan. Selanjutnya, nilai determinan diperoleh senilai 0.939, hal ini memberikan makna bahwa spiritual leadership dan kontrak psikologis mampu menjelaskan kepuasan kerja karyawan senilai 93,8%. Sementara itu, senilai 6,2% disebabkan oleh variabel lainnya.

Kesimpulan - Pimpinan BSI Cabang Bandung harus mampu mengimplementasikan kepemimpinan spiritual kepada karyawan dan membangun kontrak psikologis yang kuat pada karyawan dalam perusahaan. Kepuasan kerja perlu ditingkatkan lagi untuk meningkatkan kinerja organisasi.

Implikasi Penelitian – Untuk meningkatkan kepuasan kerja karyawan maka perlu diperhatikan sikap dan perilaku kepemimpinan yang ditunjukkan pemimpin kepada karyawan selain itu menguatkan kontrak psikologis antara karyawan dengan organisasi.

Batasan Penelitian - Ruang lingkup penelitian ini terbatas pada satu perusahaan tertentu, sehingga tidak mencerminkan situasi lembaga lain pada kajian yang sama mengenai kepemimpinan spiritual, kontrak psikologis, kepuasan kerja

Kata Kunci: Spiritual, Leadership, Kontrak, Psikologis, Kepuasan, Kerja

INTRODUCTION

Every organization needs good leadership to be able to adapt to an increasingly complex system and can continue to grow. Leadership for sustainability requires leaders who have extraordinary abilities such as the ability to read and predict complexity, think about complex problems, involve groups in dynamic adaptive organizational change and have the emotional intelligence to actively engage their own emotions related to solving complex problems. Leaders who care about subordinates, listen and respond to their opinions, are trustworthy and do what they say can increase employee engagement. An organizational culture that is able to adapt requires leaders who have autonomy, initiative to move forward, are creative, dare to take risks, are able to learn from uncertain situations and have new goals and strategies that are in line with organizational growth. Key elements in modern leadership involve cooperation, consideration, agreement,
justice and social equality. Spirituality in leadership related to finding meaning becomes a fundamental need for both leaders and followers for spiritual survival so that they become more committed to the organization and productive. The spiritual leadership model is supported because many modern management and leadership experts have begun to recognize the importance of spiritual values to accompany business activities, including honesty, enthusiasm or optimism, wisdom, and courage in making decisions and acting (Muslich, 2014). Fry and Nisiewicz. (2013) argue that spiritual leadership is leadership that uses the values, attitudes and behaviors necessary to intrinsically motivate oneself and others, so that each has a feeling of spiritual survival through membership and calling. Bank Syariah Indonesia (BSI) Bandung branch, this spiritual leadership model is suitable for use in the organization because this leadership model underlies the spiritual aspects that must be applied to sharia-based banks.

In addition to the spiritual leadership aspect, the development of Islamic banks is closely related to psychological contracts in which employees believe psychological contracts come from agreements made by the company for employees from recruitment. Psychological contracts are applied through formal relationships between companies and employees related to tangible and intangible aspects, for example the honor they get from their work, opportunities for growth and the feeling of the organization (Rudge and Roe 2007). Psychological contracts can indirectly provide encouragement to employees in carrying out their work properly and in accordance with company regulations (Abdullah, 2017). The fulfillment of the psychological contract can make employees try their best according to their competence in providing the best performance for the company in which they are members, even employees tend to be willing to do more things outside of their formal responsibilities (Abdullah, 2017).

Psychological contract is a perception that arises in employees regarding the existence of reciprocity with the organization in a beneficial way. The psychological contract emphasizes that, when employees perceive themselves to be extended by the organization, there is an obligation that arises within them to be more deeply involved in the organization. Psychological contracts are important for organizations, because they have implications for the attitudes and behavior of their employees (Salanova et al., 2003). This is in line with research conducted by Millward. (1998) that employees with a high managerial level have a relational psychological contract. Because employees
who hold important positions in the organization have a higher work involvement than employees with low levels. In addition, research conducted by Behery (2012) states that employees with permanent status in the organization have a psychological contract that is relational. Meanwhile, employees with contract status have a transactional psychological contract. Spiritual leadership as a form of leadership based on spiritual values and psychological contracts that show employee relationships with the company can provide job satisfaction.

Job satisfaction is the dream of every individual who has worked. Each employee has a different level of satisfaction according to their values. The more aspects of the job that are in accordance with the wishes and needs of the employee, the higher the satisfaction felt, and vice versa. Job satisfaction will be achieved if the needs of employees are met through work. Where job satisfaction is a happy emotional state or positive emotion that comes from the assessment of one's work or experience. High job satisfaction will improve employee performance towards the organization where they work. Employees who get job satisfaction will do a good job otherwise employees who do not get job satisfaction then in carrying out their work will produce non-optimal performance so that job satisfaction is very important to be considered by the company in improving organizational performance.

BSI, which is a newly established Islamic bank as a combination of other Islamic banks, of course requires a suitable leader to lead a bank based on Islamic values. This spiritual leadership is a form of leadership that is considered suitable for Indonesian Islamic banks because spiritual leadership is always based on divine values in carrying out company activities. Apart from that, there needs to be a psychological contract between employees and the company so as to strengthen the relationship between employees and the company which can ultimately create employee job satisfaction. Therefore, this study will examine the influence of spiritual leadership and psychological contracts on job satisfaction of Bank Syariah Indonesia (BSI) employees.

**LITERATURE REVIEW**

**Spiritual Leadership**

Spiritual leadership theory is a causal leadership theory developed in the intrinsic motivation model. This theory collaborates vision, instills hope, and practices altruistic love (Fry and Nisiewicz 2013). Conceptually, this theory is slightly different from other theories. Explicitly, this theory motivates leaders to include a spiritual value component in inclusive behavior (Gotsis and Grimani
2017). Through this type of leadership, a leader can touch the basic needs of leaders and followers to be more organized, committed, and productive (Fry et al., 2008, 2005). Thus, spiritual leadership can create integrity, humanism, ethics, and respect in organizations (Lee et al., 2013). Spiritual leadership is a set of values, attitudes, and behaviors needed to intrinsically motivate others so that they have spiritual resilience through calling and membership. Vision, altruistic love, display of hope/belief qualities of leadership spirituality. The vision includes: great attention to key stakeholders, outlines the goals and journey to be taken, describes lofty ideals, encourages hopes/beliefs, sets standards of excellence.

Spiritual leadership combines four elements: human existence i.e. body, mind, heart, and spirit so that people are motivated for high performance, have increased organizational commitment, and personally feel happiness, peace, and serenity. Spiritual leadership is critical to the transformation and sustainability of learning organizations (Fry et al., 2013). Spiritual leadership is also related to environmental leadership, namely the ability to influence individuals and mobilize organizations to realize a long-term vision of ecological sustainability (Crossman, 2011). Individual spiritual beliefs in top-level leaders influence strategic decision making in leadership strategies such as when filtering and framing information (Phipps 2012). Spiritual calling can increase job satisfaction and organizational commitment (Neubert and Katie 2014).

Hill et al (2013) stated that to date the most advanced and tested theory of spirituality is that proposed by Fry et al., (2013, 2005, 208). Where the spiritual quality of leadership proposed by Fry consists of three dimensions, namely: vision, altruistic love and faith/hope. Research conducted by Chen et al., 2012; Bodla and Ali., 2012; Mansor et al., 2013 also adopted the spiritual dimension of leadership from Fry. Fry explained that the quality of spiritual leadership is shaped by three dimensions, namely: vision, altruistic love and hope/faith. Vision refers to a picture of the future with some implicit or explicit comments about why people should strive to create the future. Altruistic love in spiritual leadership is a sense of wholeness, harmony and well-being through caring, caring, and respecting oneself and others. Faith is defined as the foundation of all that we hope for and the belief of the unseen.

**Psychological Contract**

George and Jones (2012) suggest that the psychological contract is an employee’s perception of a reciprocal relationship with the organization. The results of the agreement that the company will provide to employees,
and the contributions that employees make to the organization. For example, employees can do many things for the organization, such as work hard, work overtime, do well, help co-workers. Yuexin (2020) psychological contract is the sum of implied and unexplained reciprocal expectations between organizations and employees. These expectations, on the one hand, reflect the individual interests of organizational members; on the other hand, it also reflects interest concessions made by organizational leaders who are aware of collective interests. John (2013) sees the psychological contract as an expectation between employees and employers and their mutual obligations to one another.

The psychological contract consists of two parts. The first is the alignment of individual employee goals with organizational goals and commitments; Second, the emotional contractual relationship that manifests into employee dependence and loyalty to the organization after a series of contributions, reciprocal cycles, and organizational experiences. Rousseau (2004) defines a psychological contract as a person's belief in the reciprocity of the problem and agreeing to exchange a reciprocal agreement with another; as the expectation and belief of the recipient's commitment to future compensation (e.g. bonuses, promotions), that he or she will strive to make a contribution (e.g. job performance). The formation of obligations of the other party that is supposed to provide benefits is called a psychological contract. From the description above, the psychological contract is a set of unwritten expectations between each member and the manager.

**Job satisfaction**

Job satisfaction is a common attitude that indicates a person to work (Robbins and Coulter 2017), for that job satisfaction is one of the most important factors to get optimal results from the organization. Robbins and Timothy., (2015) states that job satisfaction (Job Satisfaction) can be defined as a positive feeling about one's work which is the result of a characteristic. According to Luthans (2011) job satisfaction is a positive or pleasant emotional state of a person resulting from the assessment of a job or work experience. Job satisfaction is a feeling related to work that involves aspects such as wages or salaries received, career development opportunities, relationships with other employees, job placement, type of work, company organizational structure, quality of supervision. While feelings related to himself include age, health condition, ability, education. According to Kreitner and Kinicki (2014) job satisfaction is "an effectiveness or emotional response to various aspects of work". 
According to Jain et al (2007) individuals show a pleasant positive attitude when they are satisfied with their work. Dessler (2017) argues that employees who get employee satisfaction usually have better attendance records and regulations, but are less active in employee union activities and sometimes perform better than employees who do not get employee satisfaction. Therefore, employee satisfaction has an important meaning for both employees and companies, especially to create positive conditions in the company's work environment.

According to Newstrom (2015); Robbins and Timothy., (2015); Luthans (2011), the main factors that affect job satisfaction are as follows:

1. **Salary**
   The amount received and the perceived state of the wages. Employees who receive salaries that are perceived to be too small will experience dissatisfaction. If salary perceived as fair based on job demands, skill level of employees, salary standards applicable to certain occupational groups

2. **The work itself**
   Which includes jobs that provide satisfaction are interesting and challenging jobs, jobs that are not boring, and jobs that can provide status.

3. **Promotion**
   Opportunities to be promoted appear to have varying effects on job satisfaction, because promotions can take different forms and the rewards vary.

4. **Supervision**
   Supervision is another important source of job satisfaction. The supervisor's ability to assist and support the work. A good boss is willing to appreciate the work of his subordinates

5. **Colleagues**
   Basically, co-workers will have an effect on job satisfaction. Friendly and cooperative co-workers are a source of job satisfaction for individual employees.

**Research Hypothesis**

**The effect of spiritual leadership on employee job satisfaction**

The better the spiritual leadership, the more satisfied employees are in their work. Job satisfaction is influenced by various factors such as organizational culture, leadership style, and employee relations (Seashore and Taber 2013), social interaction at work, individual ability to perform their duties, and quality of supervision (Armstrong, 2006). Situational variables such as leader-employee relationships are considered the most substantial determinants of job satisfaction and commitment (Hamidifar 2010). People are
more satisfied with leaders who are wise or helpful than with leaders who are unsympathetic to their subordinates (Yukl 2015). Spiritual leadership has been found to have a positive and significant impact on life satisfaction and particularly employee job satisfaction (Komala and Ganesh 2007).

**The effect of psychological contract on employee job satisfaction**

Some research results such as Roadwell et al (2015) stated that fulfilled psychological contracts have a positive impact on employee job satisfaction, while psychological contracts that are denied have a negative impact on employee job satisfaction. Research Behery et al (2012) give the results that the relational psychological contract has a positive effect on employee job satisfaction. Champbel (2014) states that both the organizational psychological contract and the supervisor’s psychological contract have a positive effect on employee job satisfaction. Furthermore, several studies also state that there is a positive relationship between psychological contracts and employee job satisfaction, Avanes (2020) also states the same thing that between psychological contracts and job satisfaction there is a positive relationship between the two.

![Figure 1. Research Framework](image)

**RESEARCH METHODS**

The research method used is descriptive verification method. Descriptive method is used to describe the variables and the main characteristics of the respondents. Meanwhile, the verification method is used in testing the hypotheses proposed in the study. The sample used as many as 90 employees obtained from the sampling technique that is saturated sampling. The data analysis technique used for data processing is multiple.
regression analysis by finding the influence value of spiritual leadership variables and psychological contract variables and job satisfaction variables.

RESULT AND DISCUSSION

Multiple regression analysis is a statistical method to determine the relationship between
the independent variable and the dependent variable. The independent variable in this
research is spiritual leadership and psychological contract, while the dependent
variable is employee job satisfaction. The purpose of multiple regression analysis is to
determine the significance of the independent variable and the dependent variable.

<table>
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<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
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<td></td>
<td>B</td>
<td>Std. Error</td>
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<td>Model</td>
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<tr>
<td></td>
<td>X₁</td>
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<tr>
<td></td>
<td>X₂</td>
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Source: Primary Data Statistical Result

ANOVA analysis result

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<tr>
<th>Model</th>
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<th>Mean Square</th>
<th>f</th>
<th>Sig.</th>
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<td>3258,628</td>
<td>672,812</td>
<td>0,000</td>
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<tr>
<td>Residual</td>
<td>421,367</td>
<td>87</td>
<td>4,843</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6938,622</td>
<td>89</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b : Predictor (Constant) X₁, X₂
Source: Primary Data Statistical Result

Regression linear coefficient and model summary

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<th>Model Summary</th>
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<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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<td></td>
<td>0,969</td>
<td>0,939</td>
<td>0,938</td>
<td>2,20075</td>
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Source: Primary Data Statistical Result

From the table 1, the multiple regression model is obtained

Y = 0,565X₁ + 0,430X₂

From the above model, 0,565X₁ is an independent variable, namely spiritual
leadership and psychological contracts that have a positive correlation with employee job
satisfaction. Spiritual leadership has an impact on job satisfaction of 0.565X₁ while 0.430X₂ psychological contracts have an impact on employee job satisfaction. On the basis of the multiple regression model above, it describes that spiritual leadership and psychological contracts have positive values, meaning that they can increase employee job satisfaction.

Testing on the statistical value of t is testing the significance of the parameters that can contain the right predictions. The value of this t statistic describes the extent to which the influence of the independent variables individually on the dependent variable. If t-count > t-table, it can be concluded that this variable has a significant effect or vice versa t-count < t-table so that the variable has no significant effect. Base data on table 1, partial test (t) it can be seen that spiritual leadership has a probability (sig) of 0.00 < 0.05 which can be concluded that Ho is not accepted and Ha is accepted. Thus, spiritual leadership has a significant influence on employee job satisfaction. Meanwhile, the psychological contract has a probability value (sig) of 0.00 < 0.05 so it can be said that Ho is not accepted and Ha is not rejected. Therefore, the psychological contract has a significant impact on employee job satisfaction. Thus, it can be concluded from the t-test results that the influence of spiritual leadership and psychological contracts on employee job satisfaction is obtained with a significance value of <0.05, therefore the hypothesis that spiritual leadership and psychological contracts have a significant impact on employee job satisfaction is partially accepted.

**Simultaneous Test**

This test was carried out in order to prove the simultaneous influence of spiritual leadership and psychological contracts on employee job satisfaction. On the basis of these results can be reviewed in the table 2. From the calculated F value of 672.812 and a significance of 0.000. After obtaining F-table then compare it with the value of F-count. If F-count > F-table, the alternative hypothesis is rejected, otherwise if F-count > F-table, the null hypothesis is not rejected, which means the alternative hypothesis is rejected. F-table is obtained at 3.101. Thus, the results of the study show F-count > F-table with a value of 672.812 > 3.101, which means H₀ is rejected and Ha is accepted. Therefore, spiritual leadership and psychological contract simultaneously have an impact on employee job satisfaction.

**Coefficient of Determination**

The coefficient of determination (Kd) is a coefficient that is used and serves to determine the value of the contribution of spiritual leadership and psychological
contracts are independent variables on changes in employee job satisfaction as the dependent variable, through squaring the correlation coefficient (R) and then multiplied by 100%. Below is the result of the coefficient of determination (See table 3). Based on the results of the calculation of the data, it can be seen that the coefficient of determination is worth 0.938. Therefore, the contribution of the impact of spiritual leadership and psychological contract on employee satisfaction is 93.8%. The results of the calculation above mean that the amount of contribution or influence given by spiritual leadership and psychological contracts to employee job satisfaction is worth 93.8%, the remaining 6.2% is influenced by other factors that affect employee job satisfaction but no research has been done by authors include organizational culture, compensation, organizational commitment and others.

DISCUSSION

The effect of spiritual leadership on employee job satisfaction

The results of the study illustrate that spiritual leadership and psychological contracts have a positive and significant influence on employee job satisfaction. Spiritual leadership has the greatest influence with a t-count of 9.551 while psychological contracts have an influence with a t-value of 7.278. The spiritual leadership t-test has a value (sig) of 0.00 <0.05 so that Ho is not accepted and Ha is accepted. Therefore, the hypothesis which reads that there is a positive and significant influence of spiritual leadership on employee job satisfaction is accepted.

The effect of psychological contract on employee job satisfaction

Meanwhile, the psychological contract t-test has a value (Sig) of 0.00 < 0.05, so it can be concluded that Ho is not accepted and Ha is not rejected. Therefore, the hypothesis that there is a positive and significant effect of psychological contracts on employee job satisfaction is accepted. Then the results of the study describe that spiritual leadership and psychological contracts have a simultaneous influence on employee job satisfaction of 93.8%. Then seen from the level of relationship, the spiritual leadership and psychological contract variables on employee job satisfaction have a correlation level of 0.969 which means they have a very high level of relationship. Thus, it is proven that spiritual leadership and psychological contract have a simultaneous effect on employee job satisfaction.
CONCLUSION

In accordance with the results of research on the influence of spiritual leadership and psychological contracts on employee job satisfaction, it is concluded: spiritual leadership has a positive and significant influence on employee job satisfaction. The better the spiritual leadership, the employee's job satisfaction will increase, psychological contracts have a positive and significant impact on employee job satisfaction. The stronger the psychological contract, the higher the employee's job satisfaction, and spiritual leadership and psychological contracts simultaneously have a significant effect on employee job satisfaction. This shows that spiritual leadership and psychological contracts simultaneously function in order to increase employee job satisfaction.

The recommendations given are as follows: the leadership of the company should continue to maintain and maintain the spiritual leadership that has been carried out so far, the company should develop a better psychological contract between employees and the company so that there is a harmonious relationship between employees and the company and the company should continue to pay attention to employee welfare through maintenance programs to increase employee job satisfaction.

RESEARCH IMPLICATIONS

Spiritual leadership has a positive and significant effect on employee job satisfaction. Thus the better the spiritual leadership, the higher the job satisfaction. The psychological contract has a positive and significant effect on employee job satisfaction. Furthermore, the stronger the psychological contract, the more satisfied the employees are at work.

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