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Research Paper

"Exploring the Impact of Organizational Culture, Compensation, and Spiritual Leadership on Employee Performance: The Mediating Role of Spiritual Management"

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ABSTRACT: *This study aims to investigate the impact of organizational culture, compensation, and spiritual leadership on employee performance, with an emphasis on the mediating role of spiritual management. This study was conducted at the Indonesian House of Change Foundation using a quantitative approach with the Structural Equation Modeling (SEM) method. The results show that organizational culture has a positive but insignificant effect on employee performance, compensation has a negative and negligible effect, and spiritual leadership has a positive but insignificant effect directly on performance. On the other hand, spiritual management has a positive and significant effect on employee performance. In terms of indirect influence, spiritual management has been shown to mediate the relationship between independent variables and performance. Organizational and compensation cultures have weak and insignificant mediating effects, while spiritual leadership exhibits high positive and significant indirect effects through spiritual management. In addition, spiritual leadership has a positive and significant effect on spiritual management, while organizational culture and compensation are insignificant. These findings confirm that spiritual leadership and spiritual management play an important role in improving employee performance through the reinforcement of spiritual values in organizational management practices.*

KEYWORDS: *organizational culture, compensation, spiritual leadership, spiritual management, employee performance, mediation*

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I. INTRODUCTION

In today's dynamic work environment, employee performance remains a critical determinant of organizational success. Organizations increasingly recognize that performance is not only driven by technical and financial factors but also by intangible elements such as values, culture, and spirituality. In this context, organizational culture, compensation, and leadership play an essential role in shaping employees' motivation and attitudes. However, in recent years, there has been growing interest in understanding how spiritual dimensions of management and leadership influence organizational outcomes, especially in organizations that integrate moral and ethical values into their practices.

A strong organizational culture fosters shared beliefs and behavioral norms that can enhance employee engagement and commitment. Similarly, fair and transparent compensation systems can serve as tangible motivators that improve productivity and satisfaction. Meanwhile, spiritual leadership, which emphasizes meaning, vision, and service beyond self-interest, has emerged as a leadership approach that nurtures both emotional and moral dimensions of employees. For instance, empirical studies have shown that spiritual leadership is positively related to individual task performance, knowledge sharing behaviours, and innovation behaviour. Other investigations indicate that spiritual leadership significantly impacts employee morale and well-being by satisfying intrinsic and spiritual needs [1]. Despite these potential contributions, previous studies have shown inconsistent results regarding how organizational culture, compensation, and spiritual leadership affect performance, indicating that other mediating variables may be at play [2].

One of these potential mediators is spiritual management, which refers to the process of managing an organization based on spiritual principles such as integrity, compassion, and purpose. Spiritual management enables leaders and employees to align their work with deeper meaning and ethical responsibility. Prior research demonstrates that perceived spiritual management has significant positive effects on job satisfaction and can mediate relationships between engagement or organizational commitment and job outcomes [3]. Thus, it is plausible that spiritual management may serve as a bridge between organizational systems and individual behavior, thereby strengthening the link between leadership, culture, compensation, and performance outcomes.

Based on these considerations, this study aims to explore the impact of organizational culture, compensation, and spiritual leadership on employee performance, with spiritual management as a mediating variable. The research focuses on Yayasan Rumah Perubahan Indonesia, a foundation known for integrating spiritual values into its management philosophy. By employing a quantitative approach using Structural Equation Modeling (SEM), this study seeks to clarify the direct and indirect relationships among these variables. The findings are expected to contribute to the growing body of knowledge on spirituality-based management and offer practical insights for organizations seeking to enhance employee performance through a holistic, value-driven approach [4].

Non-profit organizations play a strategic role in addressing social and humanitarian issues, including education, poverty alleviation, and community development. Their performance is commonly evaluated not only through financial accountability but also through the quality of services delivered to beneficiaries. The Rumah Perubahan Indonesia (RPI) Foundation, a non-profit institution established in 2009 in Lumajang, East Java, operates in the field of supporting orphans and Qur'an memorizers. Over more than a decade, RPI has experienced significant growth in both organizational scale and beneficiary outreach, indicating effective organizational governance and strong public trust.

Despite this positive development, RPI underwent a major organizational restructuring in early 2020 involving changes in human resources and managerial arrangements. Interviews and preliminary observations revealed that this restructuring created uncertainty among employees, raising concerns about performance expectations, internal communication, and leadership direction. The structural turnover and employee resignations further suggested potential issues in organizational culture, compensation systems, leadership approaches, and the implementation of spirituality-based management within the institution.

Previous studies have highlighted the importance of organizational culture, compensation, spiritual leadership, and workplace spirituality in enhancing employee performance, particularly in value-driven institutions such as non-profits and faith-based organizations. However, empirical findings remain inconsistent, especially regarding whether these variables exert direct effects or operate indirectly through deeper management systems rooted in spirituality. This creates a research gap that warrants further investigation.

Given RPI's unique identity as a religious, value-based organization with strong spiritual principles guiding its operations, exploring the role of spiritual management as a mediating variable becomes highly relevant. Understanding how spiritual values are translated into managerial practices may provide a more holistic explanation of employee performance outcomes in such institutions.

Therefore, this study examines the direct and indirect influence of organizational culture, compensation, and spiritual leadership on employee performance through spiritual management within the Rumah Perubahan Indonesia Foundation. The findings are expected to contribute to the development of human resource management theories in non-profit contexts and provide practical recommendations for strengthening employee performance through culturally and spiritually grounded managerial approaches.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Organizational culture refers to the shared values, beliefs, and behavioral norms that shape how employees interpret and respond to their work environment. A strong culture enhances alignment, commitment, and coordination among members. Fawcett et al. emphasize that an inspiring organizational climate encourages employees to offer their best ideas and efforts, promotes learning, and supports individual and organizational growth [5]. In non-profit and value-driven institutions, culture plays a pivotal role in reinforcing the mission and purpose of the organization. However, empirical evidence on the direct effect of organizational culture on employee performance remains mixed. Some studies show a strong positive relationship, while others find weak or non-significant effects. These inconsistencies suggest that culture may influence performance only when it is internalized by employees and supported by appropriate leadership and management systems.

Compensation encompasses financial and non-financial rewards provided by an organization to recognize employee contributions. In non-profit institutions where monetary rewards may be limited, the perception of fairness, adequacy, and alignment with organizational values becomes more important than nominal value. Compensation influences motivation, satisfaction, and retention, thereby potentially enhancing performance. Nevertheless, research findings are also inconsistent. Kusnanda and Kusumapradja found that

compensation significantly affects employee performance, whereas culture and commitment do not [6]. Other studies argue that when employees are driven by intrinsic or spiritual motivations, the impact of financial compensation may be reduced. Thus, compensation may serve as a foundational motivator but not the sole determinant of performance in non-profit settings.

Spiritual leadership is built upon values such as integrity, calling, altruistic love, and meaningful work. Leaders inspire followers by fostering a sense of purpose, belonging, and interconnectedness. Spiritual leadership enhances intrinsic motivation by creating a work environment where employees feel valued and connected to a larger mission. Previous studies show that spiritual leadership contributes to higher levels of commitment, satisfaction, well-being, and performance. It is especially relevant in faith-based and humanitarian organizations, where spiritual values constitute the core identity. Through meaningful interactions and value-driven direction, spiritual leadership also influences the formation of spiritual management practices within an organization.

Spiritual management refers to the integration of spiritual principles into managerial processes, including decision-making, communication patterns, leadership approaches, and organizational governance. Core constructs such as *meaningful work*, *calling*, and *altruistic values* shape how employees perceive their roles and responsibilities. Spiritual management is believed to enhance employee trust, intrinsic motivation, and work engagement. It provides a structural and cultural mechanism through which leadership, compensation, and organizational culture influence performance. In value-driven organizations like Rumah Perubahan Indonesia (RPI), spiritual management becomes essential in translating spiritual values into concrete managerial practices.

Employee performance in non-profit organizations extends beyond task completion. It includes service quality, accountability, responsiveness to beneficiary needs, and alignment with organizational mission. Employees in non-profit settings often rely more on intrinsic, moral, and spiritual motivations than external rewards. Therefore, spiritual variables such as spiritual leadership and spiritual management may play a more substantial role in shaping performance compared to material factors alone.

Organizational culture, compensation, and spiritual leadership are believed to influence employee performance both directly and indirectly. An inspiring culture may foster motivation and commitment, while fair compensation systems enhance satisfaction. Spiritual leadership, through its emphasis on meaningful work and altruistic values, motivates employees intrinsically. These three antecedent variables also contribute to the development of spiritual management. Compensation influences motivation, an essential element of spiritual management. Spiritual leadership establishes value-based norms that shape managerial practices. Organizational culture provides the structural and symbolic environment that supports spiritual values. Together, they create conditions that facilitate the emergence of spiritual management. Spiritual management, in turn, mediates the effect of organizational antecedents on employee performance by embedding spiritual values into daily practices, nurturing intrinsic motivation, and strengthening the sense of purpose among employees.

Based on the theoretical foundations and empirical evidence reviewed above, this study proposes the conceptual framework illustrated in Figure 1. The model posits both direct and indirect relationships among the variables. Organizational culture, compensation, and spiritual leadership are proposed to have direct effects on employee performance. These variables are also expected to influence spiritual management, which acts as a mediating variable. Spiritual management is proposed to exert a direct influence on employee performance.

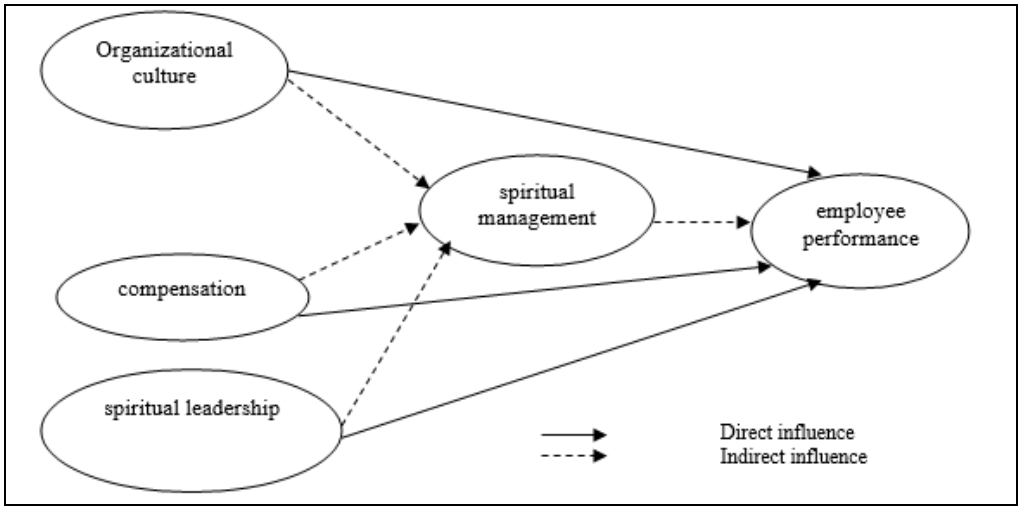

Figure 11
Conceptual framework of the research

Drawing from the conceptual framework, the following hypotheses are proposed:

1. **H1:** Organizational culture, compensation, spiritual leadership, and spiritual management have a direct and significant effect on employee performance.
2. **H2:** Organizational culture, compensation, and spiritual leadership have a direct and significant effect on spiritual management.
3. **H3:** Organizational culture, compensation, and spiritual leadership have an indirect effect on employee performance through the mediating role of spiritual management.

III. RESEARCH METHOD

This study was conducted at *Yayasan Rumah Perubahan Indonesia (RPI)*, located at Jl. Veteran No. 57, Kepuharjo, Lumajang, East Java. RPI was selected as the research site due to its status as one of the largest social institutions in Lumajang, operating consistently for nearly a decade with a growing number of beneficiaries. Preliminary observations and interviews revealed organizational changes, particularly massive restructuring at leadership and managerial levels. These changes raised concerns among employees regarding job stability and performance expectations, leading to perceived performance decline and several resignations. The research was carried out from October 2021 to December 2021.

This study employs an explanatory quantitative approach with an associative or correlational design to examine causal relationships between variables. Explanatory research aims to provide empirical explanations of causal linkages among variables through hypothesis testing using inferential statistics [7]. The survey method was used as the primary data collection technique. Data were obtained from respondents in the natural setting of the organization using structured questionnaires. The population in this study includes all employees, managers, supervisors, and board members of RPI. The total number of permanent employees is 37. As the population size is fewer than 100 individuals, the study uses total sampling, involving all 37 respondents, with a minimum acceptable sample size of 30 based on Roscoe's rule of thumb [8], stating that an adequate sample ranges from 30 to 500.

This study examines several latent variables measured through multiple indicators. Organizational culture is conceptualized as shared meanings and core values that shape member behavior [9], measured using indicators of human orientation and team orientation. Compensation refers to the full range of financial and non-financial rewards received by employees [10], represented by salary or wages, incentives, allowances, and facilities. Spiritual leadership is defined as a set of values and behaviors that intrinsically motivate individuals through a sense of calling and membership [11], measured using indicators of vision, hope or faith, altruistic love, meaning or calling, and membership. Spiritual management captures the internal process of developing awareness of meaning, purpose, and spiritual values within organizational life, represented by inner life, meaningful work, and community. Employee performance is defined as work achievement relative to organizational standards [12], measured through quality, quantity, effectiveness, and work commitment. All indicators were assessed using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree).

Instrument Testing

Instrument testing consisted of validity and reliability assessments. Validity ensures that the questionnaire accurately measures the intended constructs [13]. Convergent validity was evaluated using factor loadings, where indicators are considered valid if their loading values are equal to or greater than 0.30 and statistically significant. Discriminant validity was examined by comparing cross-loadings, where each indicator must load higher on its respective variable than on others, and by ensuring that the square root of AVE exceeds inter-variable correlations. Reliability testing, which assesses the internal consistency of the measurement instrument [14], employed Cronbach's alpha and composite reliability. A construct is considered reliable when Cronbach's alpha is at least 0.60, and its composite reliability is at least 0.70.

Data Analysis Methods

Descriptive and inferential statistical analyses were employed in this study. Descriptive statistics were used to summarize respondent characteristics and provide an initial overview of the distribution of organizational culture, compensation, spiritual leadership, spiritual management, and employee performance variables [15]. Inferential analysis was conducted using WarpPLS version 7.0, an advanced implementation of Partial Least Squares (PLS). The software automatically standardizes data, allowing the simultaneous analysis of variables measured in different units or scales.

The structural model (inner model) specifies the causal relationships among latent variables based on the formulated hypotheses, reflecting the theoretical framework of the study. The measurement model (outer model) defines the relationships between latent constructs and their indicators, with the designation of reflective or formative measures guided by theory and empirical reasoning. A path diagram was constructed to visually illustrate both models, facilitating clearer interpretation. These models were then translated into equations

representing the outer model, inner model, and weight relations used to estimate latent variable scores through the PLS algorithm. Parameter estimation in WarpPLS utilizes several algorithms for both outer and inner models, including PLS regression, PLS Mode A (reflective), PLS Mode B (formative), robust path analysis, and various nonlinear relationships such as linear, Warp2 (U-curve), and Warp3 (S-curve) patterns. Model fit was assessed through convergent and discriminant validity, composite reliability, Cronbach's alpha, and the structural model fit indices provided by WarpPLS. A model is deemed acceptable when the majority of these indices meet recommended thresholds.

Hypothesis Testing

Hypothesis testing was performed on the parameters β, γ, and λ, representing the paths among endogenous variables, the effects of exogenous variables on endogenous variables, and the factor loadings or indicator weights, respectively. The evaluation employed the resampling bootstrap method developed by Geisser and Stone, which allows statistical inference without assuming normality (distribution-free), making it highly appropriate for PLS-SEM analysis. Statistical hypotheses for the outer model assessed whether each indicator significantly measured its latent variable, while hypotheses for the inner model evaluated both exogenous-to-endogenous (γ) and endogenous-to-endogenous (β) relationships. Parameter significance was determined using t-statistics, with p-values interpreted based on standard thresholds: $p \leq 0.10$ indicating weak significance, $p \leq 0.05$ indicating significance, and $p \leq 0.01$ indicating high significance. These criteria adhere to the recommendations for rigorous PLS-SEM hypothesis testing.

IV. RESULTS AND DISCUSSION

Respondent Characteristics

The respondents in this study consisted of employees of the Rumah Perubahan Indonesia (RPI) Foundation who voluntarily participated in the survey. Their demographic characteristics include age, gender, and educational background. As shown in Table 1, respondents were predominantly in the 26–30 age group (32.3%), indicating that the workforce is largely composed of individuals in their early productive years. The gender distribution shows a slight dominance of female employees (54.8%) compared to male employees (45.2%). Regarding educational attainment, the majority of respondents hold a Bachelor's degree (74.2%), followed by senior high school graduates (22%), while only 3.2% possess a Master's degree. These results suggest that the organizational workforce is relatively well-educated, which may contribute to the institution's capacity for operational and programmatic development.

Characteristic		Frequency	Percentage (%)
Age	≤ 25	8	25,8%
	≥ 26-30	10	32,3%
	≥ 31-35	7	22,6%
	≥ 36-40	5	16,1 %
	≥ 41	1	3,2%
Gender	Male	14	45,2%
	Female	16	54,8%
Education Level	Elementary School	0	0
	Junior High School	0	0
	Senior High School	7	22 %
	Undergraduate	23	74,2%
	Master Degree	1	3,2%
	Doctoral Degree	0	0

Source*:* primary data, processed in 2021

Table 1. Characteristics of respondents

Validity Analysis

Instrument validity was assessed using the PLS-SEM measurement model through both convergent and discriminant validity criteria. Convergent validity is indicated by indicator loadings greater than 0.70 and an Average Variance Extracted (AVE) value exceeding 0.50. As presented in Table 2, all indicators of the Organizational Culture construct demonstrate loading values above the threshold of 0.70 across its four dimensions, such as innovation and risk-taking (BO1), result orientation (BO2), people orientation (BO3), and team orientation (BO4). These results confirm that each indicator adequately represents the underlying latent construct. The AVE values for all dimensions of Organizational Culture also exceed 0.50, indicating that more

than half of the variance of each indicator is captured by its latent variable. Thus, convergent validity for this construct is fully satisfied.

Indicator	Organizational Culture (BO)				Type (a)	SE	*P value*
	Innovation & risk taking (BO1)	Result orientation (BO2)	People orientation (BO3)	Team onboarding (BO4)			
BO1.1	(0.826)	0.355	0.293	-0.587	*reflect*	0.121	<0.001
BO1.2	(0.865)	-0.216	-0.217	0.249	*reflect*	0.119	<0.001
BO1.3	(0.882)	-0.121	-0.062	0.306	*reflect*	0.118	<0.001
BO2.1	-0.223	(0.952)	0.138	-0.188	*formati*	0.114	<0.001
BO2.2	0.223	(0.952)	-0.138	0.188	*formati*	0.114	<0.001
BO3.1	-0.040	0.181	(0.900)	-0.252	*formati*	0.117	<0.001
BO3.2	0.040	-0.181	(0.900)	0.252	*formati*	0.117	<0.001
BO4.1	-0.251	0.284	0.029	(0.932)	*reflect*	0.115	<0.001
BO4.2	0.251	-0.284	-0.029	(0.932)	*reflect*	0.115	<0.001

Source: WarpPLS 7.0 software data

Table 2. Combined loadings and cross-loadings: Organizational culture

	Organizational Culture (BO)			
	Innovation & risk taking (BO1)	Result orientation (BO2)	People orientation (BO3)	Team onboarding (BO4)
Composite reliability coefficients	0.893	0.951	0.895	0.930
Cronbach's alpha coefficients	0.820	0.896	0.766	0.849
Average variances extracted	0.736	0.906	0.810	0.869

Source: WarpPLS 7.0 software data

Table 3. Latent variable coefficients: Organizational culture

The AVE values for all dimensions of Organizational Culture also exceed 0.50, indicating that more than half of the variance of each indicator is captured by its latent variable. Thus, convergent validity for this construct is fully satisfied.

	Organizational Culture (BO)			
	Innovation & risk taking (BO1)	Result orientation (BO2)	People orientation (BO3)	Team onboarding (BO4)
BO1	(0.858)	0.644	0.209	0.238
BO2	0.644	(0.952)	0.302	0.447
BO3	0.209	0.302	(0.900)	0.793
BO4	0.238	0.447	0.793	(0.932)
Note: Square roots of average variances extracted (AVEs) shown on the diagonal.				

Table 4. Correlations among l.vs. with sq. rts. of AVEs: Organizational culture

Based on Table 4 regarding *Correlations among latent variables with square roots of AVEs*, it can be seen that the square root value of AVE for each latent variable is always higher than its correlation value with other latent variables. These findings show that the instrument or questionnaire used in the study has a good level of discriminant validity when reviewed from the *square roots of AVEs* criteria. Meanwhile, the assessment of discriminant validity through *the cross-loading* approach is shown in Table 2, where each indicator has a greater loading value on its own latent variable than on other latent variables. Thus, the research instrument developed by the researcher also meets the criteria for good discriminant validity based on *cross-loading analysis*.

The same validity testing flow was also carried out on other variables, and from all the variables and indicators tested, three research instruments did not pass the convergent and discriminatory validity test, namely the spiritual management indicators MS1.1 (inner life), MS3.5 (community), and the employee performance indicators KK1.1 (employee performance quality) so that these indicators were considered not to be used.

Reliability Analysis

The results of the reliability test can be seen in Table 5. Latent recapitulation of variable coefficients based on the data from the composite reliability (CR) and Cronbach's alpha (CA) test results can be evaluated with all CR and CA values > 0.7, which means that they have met the reliability requirements. In the sense that the instrument or questionnaire that has been designed by the researcher is reliable.

	Composite reliability coefficients (CR)	Cronbach's alpha coefficients (CA)
Innovation & risk taking (BO1)	0.893	0.820
Result orientation (BO2)	0.951	0.896
People orientation (BO3)	0.895	0.766
Team onboarding (BO4)	0.930	0.849
Wages & salaries (KOM1)	0.959	0.914
Incentive (KOM2)	0.912	0.808
Allowances (KOM3)	0.923	0.833
Facilities (KOM4)	0.930	0.849
Vision (KS1)	0.958	0.911
Hope/faith (KS2)	0.879	0.725
Altruistic love (KS3)	0.974	0.946
Meaning /calling (KS4)	0.874	0.711
The inner life (MS1)	0.896	0.845
Meaningful work (MS2)	0.947	0.926
Community (MM3)	0.935	0.911
Quality (KK1)	1.000	1.000
Quantity (KK2)	0.920	0.825
Effectiveness (KK3)	0.913	0.811
Work commitments (KK4)	0.922	0.873

Source: data software warpPLS *7.0*

Table 5. Laten variable coefficients

Data Analysis

This study was conducted to test and analyze data on whether the variables of organizational culture, compensation, and spiritual leadership have a direct influence on spiritual management and employee performance. Independent variables have an indirect effect on employee performance through the mediation of spiritual management variables. To know, test, and analyze each of these structures, the method used is PLS-SEM with WarpPLS Software. The tests in PLS–SEM include testing the outer model (measurement model), testing the inner model (structural model), and testing the overall fit of the model (goodness of fit).

In this study, for the outer model test, it was obtained that the entire loading value was > 0.7, except the facility indicator (KOM4) showed a figure of 0.579, but it could still be maintained. These results show that the latent variables BO, KOM, KS, MS, and KK are quite good in terms of representing their indicators. Based on the results of the Average variance extracted (AVE) value, it is known that the AVE value in the BO variable is 0.582, KOM is 0.655, KS is 0.529, MS is 0.725, and KK is 0.750. The entire AVE value is > 0.5, which means that the variance of the indicators has been absorbed by the latent variable > 50%. In other words, the latent variables BO, KOM, KS, MS, and KK are declared quite good in terms of representing their indicators.

Composite reliability (CR) evaluates internal consistency reliability. The CR and CA values are used to determine the reliability of the research instrument. The results of the CR and CA test can be seen in the following Figure 4.8. Based on the results of the CR value test, the CA at 4.19 is known to be the CR value; the BO variable CA is 0.847 and 0.758, KOM is 0.881 and 0.813, KS is 0.817 and 0.701, MS is 0.896 and 0.825, and KK is 0.922 and 0.885. All values show a CR > 0.7, which means that they have met the reliability requirements. In other words, research instruments that have been designed by researchers are reliable.

Inner model testing (structural model) (second order)

The goodness of fit model is that the model fit test is carried out. In WarpPLS, model fit testing is evaluated by evaluating the values of the average path coefficient (APC), average R-squared (ARS), and Average variance inflation factor (AVIF). After evaluation, it will be determined whether the model is fit or not, and the following are the results of the model fit test based on WarpPLS 7.0 software.

Average path coefficient (APC)	APC = 0.261, P = 0.029
Average R-squared (ARS)	ARS = 0.441, P=0.001
Average adjusted R-squared (AARS)	AARS= 0.361, P=0.006
Average block VIF (AVIF)	AVIF = 1.653, acceptable if <= 5, ideally <= 3.3
Average full collinearity VIF (AFVIF)	AFVIF =2.097, acceptable if <= 5, ideally <= 3.3
Tenenhaus GoF (GoF)	GoF = 0.615, MSall >= 0.1, medium >= 0.25, large >= 0.36
Sympson's paradox ratio (SPR)	SPR = 0.714, acceptable if >= 0.7, ideally = 1
R-squared contribution ratio (RSCR)	RSCR = 0.859, acceptable if >= 0.9, ideally = 1
Statistical suppression ratio (SSR)	SSR = 1.000, acceptable if >= 0.7
Nonlinear bivariate causality direction ratio (NLBCDR)	NLBCDR = 1.000, acceptable if >= 0.7.

Table 6. Model fit and quality indices

Based on Table 4.6 *of the fit and quality indices model,* it can be seen that the APC value = 0.261 and the probability value (*P-values*) of APC is = 0.029 > 0.001, which also means a significance level of 0.05 or 5%. ARS value = 0.441 and probability value (*P-values)* of ARS is = 0.001 < significance level of 0.05 or 5%. AVIF value = 1.653, *acceptable if* <=5. Based on these results, the values of APC and ARS were significant at a significance level of 0.05 and AVIF < 5, so it can be concluded that the model that has been submitted is *fit*.

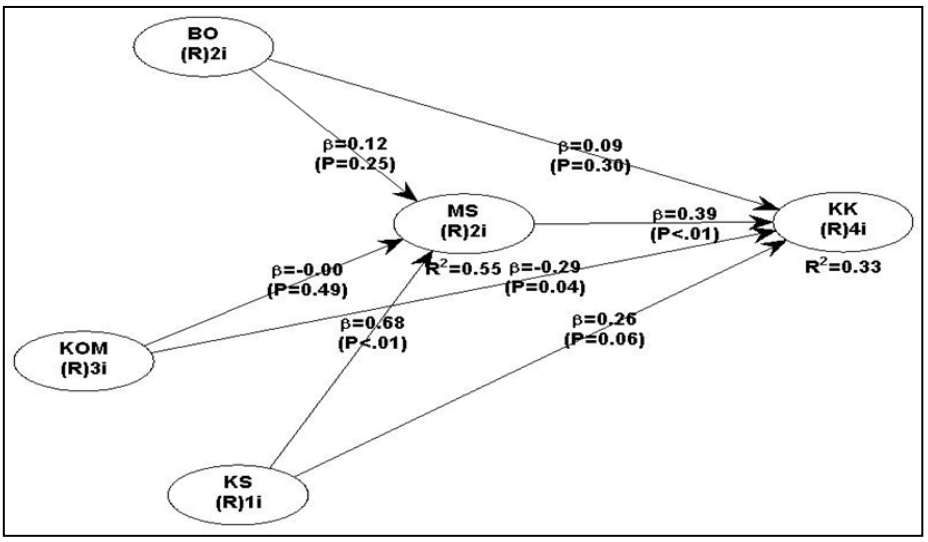

Figure 2. Results of the direct impact significance test

Hypothesis Testing

In the hypothesis test, the significance of the influence will be tested, namely the direct effect and the indirect effect. Hypothesis testing: if p-values are obtained ≤ 0.10 (alpha 10%), then it is said to be weakly significant, if p-values ≤ 0.05 (alpha 5%), then it is said to be significant, and if p-values ≤ 0.01 (alpha 1%), then it is said to be highly significant. The hypothesis test in warpPLS can be seen in the results of the path coefficients and P values, indirect and total effects, and T ratios for path coefficients test results of the significance test of direct and indirect effects can be seen in Figure 2, Table 6, and Table 7 below.

Path coefficients					
Variable	Organizational Culture (BO)	Compensation (KOM)	Spiritual Leadership (KS)	Spiritual Management (MS)	Employee Performance (KK)
Organizational Culture					
Compensation					
Spiritual Leadership					
Spiritual Management	0.115	-0.003	0.680		
Employee Performance	0.094	-0.287	0.257	0.388	
P values					
Organizational Culture					
Compensation					
Spiritual Leadership					
Spiritual Management	0.255	0.494	<0.001		
Employee Performance	0.296	0.040	0.061	0.008	

Source: *warpPLS software data 7.0*

Table 7. Path coefficients and p-values

Based on the test results in Figure 2 and Table 6, it can be seen that organizational culture has a positive influence on spiritual management, shown by the path coefficient value of 0.115. However, the effect was not significant because the p-value of 0.255 was higher than the significance limit of 0.05. Similar findings are also seen in the influence of organizational culture on employee performance, which has a positive path coefficient of 0.094 but is not significant with a p-value of 0.296. Meanwhile, compensation was recorded to have a negative influence on spiritual management with a path coefficient of –0.003 and a p-value of 0.494, which means that it is insignificant because it exceeds the significance level of 0.05. Compensation also hurt employee performance, with a coefficient of –0.287. However, this relationship remains insignificant, considering that the p-value of 0.040 is still greater than the limit of 0.05.

Different from previous findings, spiritual leadership has been shown to have a strong positive influence on spiritual management, shown by a path coefficient of 0.680 and a p-value of < 0.001, indicating a very high level of significance. However, the influence of spiritual leadership on employee performance, with a coefficient of 0.257, was insignificant because the p-value of 0.061 was above the significance boundary. On the other hand, spiritual management has been shown to have a positive influence on employee performance, as reflected in the path coefficient of 0.388 and a significant p-value of 0.008 at the level of 5%. Simultaneously, the variables of organizational culture, compensation, and spiritual leadership explained 55% of the variation in the spiritual management variables. Meanwhile, these three variables can also explain the 33% variation in employee performance variables.

Indirect effects for paths with 2 segments					
Variable	Organizational Culture (BO)	Compensation (KOM)	Spiritual Leadership (KS)	Spiritual Management (MS)	Employee Performance (KK)
Organizational Culture					
Compensation					
Spiritual Leadership					
Spiritual Management					
Kinerja Karyawan	0.045	-0.001	0.264		
P values of indirect effects for paths with 2 segments					
Organizational Culture					
Compensation					
Spiritual Leadership					
Spiritual Management					
Employee Performance	0.363	0.497	0.014		

Source: warpPLS 7.0 software data

Table 4.8. Indirect and total effects

Based on Table 8 of the results of the indirect and total effect test, it can be seen that the indirect influence of organizational culture on employee performance shows a positive influence through spiritual management is 0.045. It is known that organizational culture indirectly does not significantly affect employee performance through spiritual management, with a p-value of 0.363, which means greater than 0.05 or > 5%. In other words, the spiritual management variable does not significantly mediate the relationship between organizational culture and employee performance, but it has a positive influence. The indirect effect of compensation on employee performance, through spiritual management, showed a negative relationship of -0.001. It is known that compensation indirectly does not significantly affect employee performance through spiritual management with a *p-value* of 0.497, which means greater than > 0.05 or 5%. In other words, the spiritual management variable did not significantly mediate the relationship between compensation for employee performance, and there was a

negative relationship. The indirect influence of spiritual leadership on employee performance through spiritual management showed a positive value of 0.264. It is known that spiritual leadership indirectly significantly affects employee performance through spiritual management with a *p-value* of 0.014, which means that it is greater < than 0.05 or 5%. In other words, the spiritual management variable has a positive and significant relationship mediating the relationship between spiritual leadership and employee performance.

Overall, the description in Figure 4.1 and Tables 4.6 and 4.7 shows a series of findings that support the results of the hypothesis testing in this study. First, organizational culture has been shown to have a positive relationship with employee performance, even though it is not significant. Compensation showed a negative relationship that was also insignificant, while spiritual leadership had a positive but still insignificant relationship to employee performance. In contrast, spiritual management exerts a significant and powerful positive influence on employee performance, demonstrating its important role in this context. Furthermore, the indirect relationship shows that organizational culture has a positive effect on employee performance through spiritual management mediation, but this effect is not significant. Compensation also has a negative and insignificant indirect relationship through spiritual management. In contrast, spiritual leadership has been proven to have a positive and significant indirect influence on employee performance through spiritual management as a mediating variable. In addition, the analysis of direct relationships shows that organizational culture has a positive but insignificant relationship to spiritual management. Back compensation showed a non-significant negative relationship, while spiritual leadership showed a positive relationship with a very strong level of significance to spiritual management. These findings as a whole illustrate a consistent pattern of relationships between the research variables and provide a deeper understanding of the strategic role of spiritual management in improving employee performance.

V. CONCLUSION

Based on the results of the analysis of the direct and indirect relationship between organizational culture variables, compensation, spiritual leadership, spiritual management, and employee performance, it can be concluded that spiritual management is the variable that has the most dominant role in improving employee performance. Organizational culture does show a positive relationship to performance, but its influence is insignificant, either directly or through the mediation of spiritual management. Compensation showed a negative relationship, but the effect was also not significant in various analysis scenarios. In contrast, spiritual leadership is the only variable that consistently shows a positive and significant influence, especially in improving spiritual management, which ultimately contributes significantly to improving employee performance.

In conclusion, these findings confirm that the development of spiritual aspects in the work environment, particularly through strong spiritual leadership, has a strategic role in driving employee performance. Thus, organizations are advised to strengthen the practice of spiritual leadership and the management of spiritual values in the work environment as one of the effective approaches to improve human resource performance.

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