

The Antecedent of Employee Engagement and Its Effect on Innovative Behavior: A Religiosity-Based Social Exchange Theory (SET) Perspective

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Received: March 20, 2021 Revised: May 22, 2021 Accepted: June 01, 2021

Abstract

This study aims to analyze the influence of religiosity, spiritual leadership, and work-life balance and its impact on innovative behavior through the mediating effect of employee engagement on the state-owned sharia bank of Central Java Province. The total sample of this study is 226 respondents taken from state-owned sharia bank in 6 Regencies/Cities in the former Karisedenan of Central Java. Samples are taken using a cross-sectional approach. The sampling technique is using the division of regions based on clusters (cities) and is carried out using a purposive sampling method. The results indicate that the indirect influence of all independent variables on innovative behavior through the mediating effect of employee engagement is found to be significant. This study views employee engagement from the perspective of religiosity-based social exchange theory so that religious values in the interaction relationship can be fairly applied and respected by the employees of the state-owned sharia bank. Managers can socialize the importance of spirit behavior to employees so that it can be their everyday attitude and becomes their guide for work. Leaders can become role models in straightening intentions while working as well as conditioning the conscience to always think positively at work by strengthening work engagement in sharia banking institutions.

Keywords: Religiosity, Spiritual Leadership, Work-Life Balance, Employee Engagement, and Innovative Behavior

JEL Classification Code: D8, L1, L2, L22

1. Introduction

Companies will never know whether their employees will continuously work at the company or not, thus the issue of employee engagement in a company is very important. Henry Givray (CEO of Smith Bucklin

Corporation) stated: “*the company will not achieve great results that we desire, without winning the heart and mind of our employees*”.

The survey conducted by Macey and Schneider (2008) in 65 different industrial companies showed that a company with an employee engagement index of the 25% top ranking can generate a higher return on assets (ROA), 25 times more than others. The results of the survey from Gallup (2013) about employee engagement in 142 countries concluded that 13% of employees are engaged in their jobs and organization, 63% employees are not engaged, and 24% actively disengaged employees. The survey from Yahoo in the United States indicated that 47% of employees are ready to leave their position if there is an opportunity to leave their jobs within 12 months. Intuit Company (Software Company) Schiemann (2009) stated that highly engaged employees show 1.3% higher performance and are 5 times more likely to stay with the company. OJK Indonesia in September 2017 released a statement that the demand for human resources for sharia banking has increased in the last 5 years (high

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turnover). These studies show the importance of employee engagement, and Gallup (2013) stated that employee engagement is one of the most crucial challenges in an organization (Schaufeli et al., 2002).

The concept of employee engagement is still relatively new in the field of human resource management which emerged in the last two decades (Baumruk & Gorman, 2006). Employee engagement is very crucial in building human resources in the organization so that they have the enthusiasm or spirit, dedication, and willingness to be engaged with their job (Bakker, 2011). Employee engagement is one of the concepts developed from positive psychology and positive organizational behavior (Kahn, 1990). An employee who feels engaged will be committed to his goals, use all his ability to complete tasks, maintain his behavior while working, and are willing to take corrective steps (evaluation) if necessary (Marciano, 2010).

The antecedent factors for employee engagement are known to be very complex. The first one is the religiosity factor, as this factor has a good influence on a person's attitude and behavior. The second antecedent factor that can increase employee engagement is the presence of a good leader and manager in the organization. Good quality of management can respect employees' attitudes towards their engagement to the organization (Robinson et al., 2004). Work-life balance can be the third antecedent factor, as it can be described as a process in which employees try to combine their work with family responsibilities with great care to create "balance" (Crompton & Lyolette, 2006). Employees with a high level of engagement can further enhance their innovative behavior (Park et al., 2018). This becomes the consequence of the attitude of employee engagement. Innovative behavior is when employees can generate, improve, and implement new ideas in the workplace to improve personal or organizational performance.

The critical issue in this study is the importance to discuss employee engagement comprehensively, because of the limited number of studies that examine the role of religiosity, leadership, and work-life balance on employee engagement (Sabir & Mehreen, 2019). This study includes spiritual leadership as a variable that will determine employee engagement, and it focuses more on prophetic leadership. This study also includes innovative behavior (Slatten & Mehmetoglu, 2011), as a consequence variable of employee engagement (Saks & Gruman, 2014). The research gap in this study is that there is empirical evidence about the influence of religiosity, high-performance work practice (HPWP), personal character, leadership, and work-life balance on employee engagement in the nomological network in the context of Sri Lanka and international context, and that employee engagement mediates the relationship between the antecedent and its consequences (Saks, 2019).

2. Literature Review

2.1. The Influence of Religiosity on Employee Engagement

Religiosity is a multi-analysis concept that involves cognitive, emotional, motivational, and behavioral aspects. Tennakoon and Lasanthika (2018) found a strong and positive relationship between religiosity and work engagement. Richards and Bergin (2007) view religion as a group part of spirituality and spiritual means to have a transcendental relationship with God and adopt certain religious beliefs (Ancok & Suroso, 2011). Several empirical studies have found a relationship between religiosity and employee engagement.

Roof (2015) clarified the relationship between religion and employee engagement. Jamshed et al. (2017) revealed the positive impact of religiosity on several human resource and organizational outcomes and found that religiosity becomes the source of employee engagement in the context of Malaysian Muslims. The research results from Petchsawang and McLean (2017) showed that there is a significant relationship between workplace spirituality practice and employee engagement, as well as between Islamic religiosity and employee engagement. Based on these explanations, the first hypothesis is proposed as follows:

H1: Religiosity has a significant influence on employee engagement.

2.2. The Influence of Spiritual Leadership on Employee Engagement

To increase employee work resources, leaders must provide support, autonomy, and feedback, as well as fulfill their psychological needs so that it can increase their work engagement (Rahmadani et al., 2019). The empirical study from Wang et al. (2019) explored the effectiveness of spiritual leadership on employee task performance, knowledge sharing behavior, and innovative behavior at individual level and found that it can engage employees in the organization. Leadership that encourages the followers to feel satisfied at work has a direct influence on employee engagement, loyalty, and intention to stay (Book et al., 2019). Fry (2003) concluded spiritual leadership and employee engagement simultaneously influence employee performance. Saripudin and Rosari (2019) found that spiritual leadership with the values, attitudes, and behavior of the leader has a positive significant influence on the meaning/calling of life and employee social membership in increasing work engagement, though membership does not affect work engagement. Leadership with a unique and developing style is strongly related to engagement (employees become more

engaged to their organization) (Wang et al., 2019). From the explanation of these empirical results, the second hypothesis proposed is as follows:

H2: Spiritual leadership has a significant influence on employee engagement.

2.3. The Influence of Work-Life Balance on Employee Engagement

Work-life balance can be defined as a process in which employees try to combine their job with their family responsibility with great care to create “balance” (Crompton & Lyonette, 2006). An empirical study related to work-life balance from Munn (2013) concluded that work-life balance leverages employee engagement of strength (e.g., energy and stimulation), absorption (e.g., involvement and interest), and dedication (e.g., meaning and significance). Work-life balance has a role in increasing employee engagement. Bakker and Oerlemans (2016) found that engagement is proven to generate enthusiasm, which permeates the scope of employees’ lives. They also stated that supportive work-life policies and perceived flexibility are positively related to employee engagement. When employees get an opportunity to manage their personal life well, they will positively increase productivity and strengthen their level of engagement. Every organization that wants to exploit the potential and wants to achieve employee engagement needs to understand what must be done by the organization. If employees are safe from the problem with other employees as well as family problems, they will be able to concentrate on the improvement of their ability, thus it will have an influence on organizational performance (Ali et al., 2019). Based on these studies, the third hypothesis proposed is as follows:

H3: Work-life balance has a significant influence on employee engagement.

2.4. The Influence of Employee Engagement on Innovative Behavior

Engagement and innovation reinforce each other, especially an innovative work behavior influenced by an engaged employee, and an engaged employee is more likely to act innovatively. Prieto and Pérez-Santana (2014) suggested that employees who feel engaged to their company do not only perform their standard role but also their extra-role; they are willing to experiment, which may lead to the creation of novel ideas and solution, namely innovative behavior. Innovative employees would be more likely to have ideas and able to motivate themselves by involving realistic working conditions. However, to realize ideas, employees need support. Therefore, employee engagement in this

process is very essential. An empirical study conducted by Schmitt et al. (2016) stated that engaged employees are able to provide high value and concern toward their job, as well as perform more innovatively (produce a lot of work). Engaged employees tend to have more innovative behavior because they are emotionally, cognitively, and physically aware in their workplace (Kahn, 1990).

The relationship between work engagement and innovative behavior is also supported by prior studies which show that engaged employees tend to be very active, open-minded, are out-of-the-box thinkers, perform extra effort, show a new pattern, and rescind formal modes of thinking (Eldor, 2017). The study from Slatten and Mehmetoglu (2011) linked work engagement and innovative behavior. This study refers to innovative behavior as the application of useful ideas at work. Employees who feel engaged have a high level of energy and are very enthusiastic about their job. The findings from Slatten and Mehmetoglu (2011) revealed that work engagement is strongly related to emerging innovative behavior. Seppälä et al. (2018) identified different patterns of work engagement between participants with the innovation team from time to time. However, team innovation increases in high engagement levels and decreases in moderate and low engagement levels. Based on this discussion, the fourth hypothesis proposed in this study is as follows:

H4: Employee engagement has a significant influence on innovative behavior.

2.5. The Influence of Religiosity on Innovative Behavior

Religiosity is a person’s spiritual expression that is related to beliefs, values, and laws. It can also be defined as “values, norms, and beliefs of the people” that eventually will affect characteristics at the company level (Osman-Gani et al., 2013). Religious behavior and ethics are included in the component of religiosity behavior. Religiosity can predict the outcomes of the organization such as employee performance and job satisfaction, motivation, work stress, organizational commitment, and turnover intention. Religiosity influences positive and ethical behavior at the workplace, so it can increase adaptive and innovative behavior for the company’s success. Previous studies showed that the relationship between religiosity and innovative behavior at the workplace can occur well. This is because religious teachings that emphasize critical quality can leverage individual innovation at the workplace so that employees can implement the big idea that is inspired by the religious soul (Roof, 2015). Based on this discussion, the fifth hypothesis proposed in this study is as follows:

H5: There is an influence of religiosity on innovative behavior.

2.6. The Influence of Spiritual Leadership on Innovative Behavior

Spiritual leadership is leadership that establishes values, attitudes, and behavior that are required to motivate themselves and others (intrinsic motivation) to achieve a sense of spiritual survival. Employees will be able to realize their big idea because they are inspired by their leader, and a great mind will become freer if they have a better sense of engagement toward the company. Afsar et al. (2016) in their study stated that spiritual leadership is positively related to employee task performance, knowledge sharing behavior, and employee innovative behavior. Afsar and Badir (2017) suggested that employee workplace spirituality is positively related to innovative behavior. Spirituality can become an important element in managing the work attitude of employees from Generation Y creatively. Based on this discussion, the sixth hypothesis proposed in this study is as follows:

H6: Spiritual leadership has a significant influence on innovative behavior.

2.7. The Influence of Work-Life Balance on Innovative Performance

Marks and Mac Dermid (1996) defined work-life balance as an individual tendency to be truly committed to performing every role he plays. This is in line with Greenhaus et al. (2003) who stated that work-life balance is the extent to which individuals feel engaged and satisfied with both the work-life and family life, and able to balance the demands between both. Work-life balance occurs when an individual can create appropriate roles both at work and in the family with low levels of role conflict so that they will freely create and innovate to bring out their big ideas in the workplace. Work-life balance greatly influences the creativity of an entrepreneur to leverage the power of business innovation (Greenhaus et al., 2003). Therefore, the seventh hypothesis proposed in this study is as follows:

H7: Employee work-life balance has a significant influence on innovative behavior.

3. Research Methods

This study is carried out in 3 state-owned sharia banks in Indonesia, namely: 1) BRI Syariah; 2) BNI Syariah; and 3) Bank Syariah Mandiri (BSM), which are located in 6 cities or regencies in the former Karisedenan of Central Java (Pati, Kedu, Semarang, Pekalongan, Surakarta, and Banyumas). The respondents of this study are sharia bank employees with a total number of 226 respondents. The analysis unit is individual (person).

This study uses multistage sampling. First, this study uses the cluster stage; since there are many and wide geographic areas, the researcher divides all population into a city group or cluster (Sugiyono, 2016). Second, purposive sampling is used. The minimum respondent for SEM estimation and sample analysis process is about 200 to 250 respondents, which are conducted using the random sampling technique. This refers to the minimum sample size required for all types of estimation using Structural Equation Modeling (SEM) (Loehlin, 1998). This study is a quantitative research that is conducted using primary data sources through respondents' responses from electronic questionnaires. The primary data collection is carried out using the survey method through Google Form. The questions in the questionnaire research are closed questions using the Likert scale as the measurement. The independent variable (exogenous) variable in this study is religiosity (*R*), spiritual leadership (*SL*), and work-life balance (*WLB*). Meanwhile, employee engagement (*EE*) becomes the mediating variable (mediation) and innovative behavior (*IB*) becomes the dependent variable (endogenous).

The data processing in this study starts from the data collection method, in which respondents answer 33 research questions. Furthermore, the data is statistically analyzed and processed start from reliability analysis (trustworthiness), descriptive analysis, and others. The data analysis and processing are done using SEM with AMOS 22 software (V.22.0) to count the influence and mediation value. The results of the hypothesis test are as shown in Table 1.

4. Results

The data is analyzed using SEM-AMOS. At first, the researcher conducted a validity and reliability test for each questionnaire item toward variable. After the results of the data processing are known, a discussion regarding the results is made and a conclusion is drawn based on the results of data analysis.

The respondents' profiles who answer the e-questionnaire are as follows: (1) respondents are employee, and not leader who has been working in one of the three state-owned sharia banks; (2) respondent (employee) has been working for >3 years; and (3) the status of the respondent is as a permanent employee. From 231 respondents, only 226 respondents' questionnaires can be processed and analyzed further, because they have met the criteria and answer the e-questionnaire completely. Furthermore, the respondents are sorted by gender, education, age, and years of service.

The results of the hypothesis test are used to test the influence of endogenous variables on exogenous variables. The hypotheses are based on the values in the analysis model structure, as the measurement with AMOS. The alternative hypothesis (*H_a*) is supported if the significance value of *H_a* is ≤ 0.05 , so it can be said that there is a significant

Table 1: Hypothesis Testing Results

Variables	Estimate	S.E.	C.R.	P	Decision
EE_Y1 ← R_X1	0.276	0.075	3.676	***	H1 Supported
EE_Y1 ← LS_X2	0.125	0.071	1.754	0.079	H2 not Supported
EE_Y1 ← WLB_X3	0.244	0.073	3.347	***	H3 Supported
IB_Y2 ← EE_Y1	0.676	0.089	7.584	***	H4 Supported
IB_Y2 ← R_X1	0.014	0.074	0.189	0.850	H5 not Supported
IB_Y2 ← LS_X2	0.288	0.071	4.033	***	H6 Supported
IB_Y2 ← WLB_X3	0.316	0.074	4.285	***	H7 Supported

***Sign. (Significant) < 0.05.

influence between exogenous and endogenous variables. However, if the significance value is ≥ 0.05 , it can be said that there is no significant influence between exogenous and endogenous variables, or H_a is not supported. The results of the hypothesis test can be seen in Table 1.

5. Discussion

5.1. The Influence of Religiosity on Employee Engagement

The results of the first hypothesis (H1) indicate that Religiosity (R) has a significant and positive influence on Employee Engagement (EE) with a positive value ($P = 0.000^*$). This means that the first hypothesis (H1) proposed in this study is supported by the previous studies carried out by Donaldson-Feilder et al. (2013) and Tennakoon and Lasanthika (2018), that there is an influence of religiosity on employee engagement.

The social exchange theory perspective can be used to explain the relationship between religiosity and employee engagement. The form of someone's religiosity can be known through their social behavior. If someone always shows positive and constructive behavior to others motivated by religion, then that is the form of his religiosity. This aspect shows that someone can realize the value of religious teachings in daily social life based on religious ethics and spirituality (Singhapakdi et al., 2013). This dimension is regarding the relationship between humans, as well as the relationship between humans and nature or the environment. This includes being friendly and having a good character fight for justice and seek the truth, help each other, discipline, and value time, and it all must be done consistently. In a working relationship, an employee who has a strong belief in his religion will perform his job in earnest (comply) in line with the rules and requirements set by the company. This is because this employee would think that work is part of worship, and worship is part of carrying out his religious teachings, so that

religious values are used as the basis for carrying out work. Intrinsically religious values will internalize in an employee who will maintain his attitudes and behavior in his job. The religious attitude of employees also underlies the relationship between employees, and they will bring out mutual help and facilitate each other in work relationships.

From these prior research, it can be underlined that religiosity is one of the channels that shape the perceptions and attitudes of a person (including employees) which influences their compliance intention to follow organizational rules and policies and to make the greatest contribution to achieve the vision, mission, and goals of the organization. This is a form of engagement of employees towards the organization as a whole, both in terms of enthusiasm (vigor), focus (absorption), and dedication. It is said that work engagement can be seen physically, emotionally, and psychologically, which can be seen in the condition of the workers (Kahn, 1990). The context of this study encourages the policy of implementing religious values that need to be grounded so that they can be cultured and implemented in work activities as work behavior in state-owned sharia banks.

5.2. The Influence of Spiritual Leadership on Employee Engagement

The results of the second hypothesis test (H2) indicate that the relationship is not significantly influenced. This means that the H_2 , which states that spiritual leadership has an influence on employee engagement in this study is not supported with a positive value ($P = 0.079^*$). This study supports the results from prior research conducted by Book et al. (2019), who found that spiritual leadership does not have a significant influence on employee engagement. However, this result does not support the study from Gotsis and Grimani (2017), Saripudin and Rosari (2019), Wang et al. (2019), and Hunsaker (2019), who stated that there is a significant influence between spiritual leadership on employee engagement.

This finding shows that spiritual leadership is proven to be ineffective as a predictor of employee engagement attitude. The influence of spiritual leadership does not have the potential to predict employee engagement in state-owned sharia banks in Central Java. There are only a few studies that use the spiritual leadership variable as a modification in predicting employee engagement variable. The results of this study indicate that the respondents (employees of state-owned sharia banks) perceived that spiritual leadership has not been able to encourage employees to engage themselves in state-owned sharia banks. However, this does not mean that spiritual leadership is not applicable in a sharia banking institution or would bring a negative impact. This result can be interpreted that there is a possibility that the implementation of spiritual leadership practice during the context of this study is not effective, considering that the leadership style during the research can be done using a different style, such as democratic (moderate), participative, or *laissez faire* (full delegation) style.

Social exchange theory has a basic principle that the followers of a spiritual leader will reciprocate the leader who supports them by showing positive behavior and attitude which also provide positive contribution for the organization. According to Chen et al. (2019), leaders with humanism, liberal, and transcendence (one of the indicators of Islamic leadership) values tend to strengthen the moral value of employees (Chen et al., 2019). Furthermore, it can be directed to the goal owned by the organization. Managers must continuously establish an interpersonal relationship with their employees to increase mutual trust, respect, and advise each other in kindness and patience so that it can strengthen the sense of engagement between leaders and their followers.

5.3. The Influence of Work-Life Balance on Employee Engagement

The test results of the third hypothesis (H3) indicate that work-life balance has a positive significant influence on employee engagement with a positive value ($P = 0.000^*$). Therefore, this result does not support the study conducted by Ali et al. (2019) who stated that work-life balance does not influence employee engagement. Instead, this result supports the prior studies from Roof (2015) and Cain et al. (2018), who found the influence between the work-life balance on employee engagement.

The empirical research regarding work-life balance from Munn (2013) concluded that work-life balance leverages employee engagement from strength (e.g., energy and stimulation), absorption (e.g., involvement and interest), and dedication (e.g., meaning and significance) (Bakker & Oerlemans, 2016). Work-life balance plays a role in increasing employee engagement. Bakker and Oerlemans (2016) stated that engagement has proven to generate

enthusiasm, and added that work-life policy and perceived flexibility are positively related to employee engagement.

The work-life balance indicator is a strong behavioral belief that encourages the emergence of work behavior based on social exchange theory. According to Ajzen and Fishbein (1975), behavioral beliefs link behavior with certain outcomes that occur when performing a behavior. In other words, someone believes that behavior can produce a positive outcome, then that individual will have a positive attitude, and vice versa (reciprocity). In the context of work-life balance, positive outcomes are not in the form of financial or material benefits, but it is in the form of psychological benefits such as inner calm, or religious benefits such as the belief in getting reward and mercy from God. People who have work-life balance intelligence will be able to choose properly, prioritize everything correctly, and able to carry out all their activities based on the intentions because of Allah SWT (worship).

5.4. The Influence of Employee Engagement on Innovative Performance

The test results of the fourth hypothesis (H4) indicate that employee engagement has a positive significant influence on innovative behavior with positive value ($P = 0.000^*$). Therefore, the fourth hypothesis (H4) proposed in this study is supported by the previous studies from Salanova et al. (2008) and Miller and Miller (2019) who stated that there is an influence of employee engagement on innovative performance.

The findings of this study support the study from Slatten and Mehmetoglu (2011) who linked employee engagement and innovative performance. Engaged employees have a high level of energy and are very enthusiastic about their job. The findings from Slatten and Mehmetoglu (2011) revealed that employee engagement is closely related to emerging innovative behavior. Park et al. (2017) showed that employee perception significantly and positively influences work engagement, which eventually influences their innovative behavior. Seppälä et al. (2018) identified different patterns of work engagement between participants with the innovation team from time to time.

Social exchange theory can be used to explain the relationship between employee engagement and innovative work behavior. When a company withdraws resources, employees would feel obliged to contribute in exchange for what is received from the company. Prieto and Pérez-Santana (2014) suggested that engaged employees not only carried out their standard role, but they also performed extra roles as they are willing to experiment, which will eventually lead to the creation of novel ideas and solutions (innovative behavior). Thus, employee engagement in this process is very important.

Blau (1964) proposed two conditions that must be met in behavior that leads to social exchange. First, the behavior must be goal-oriented, and it can only be achieved through interactions with other people. If employees have an innovative spirit in the workplace, it will be recognized if the innovative idea is introduced to their colleagues or leaders. Hence, the idea is expected to receive support from others, thus it can be accepted and applied together. Second, the behavior must be aimed to obtain the means for the attainment of these goals. Innovative behavior recognized by colleagues and leaders must also be supported by infrastructure from the company so that employees' creative and innovative ideas can provide the best contribution to the achievement of company goals (Salanova et al., 2005; Caniëls & Veld, 2019). According to Homans (1973), there are costs and rewards in the exchange. If employees feel that they are highly engaged with the company, it will lead to innovative behavior. Therefore, the struggles and efforts of the employee must be rewarded by the company through adequate support and infrastructure, so that the goals for both the individual and the company can be achieved. Blau (1964) suggested that there are intrinsic and extrinsic rewards.

5.5. The Influence of Religiosity on Innovative Behavior

The results of the fifth hypothesis test (H5) indicate that the relationship was not significantly influenced. This means that the H5 which states that religiosity has an influence on innovative behavior is not supported with a positive value ($P = 0.850^*$). The results of this study support the research conducted by Recio-Román et al. (2019) who stated religiosity does not have a strong relationship with attitude toward innovation in the case of a European country. However, this does not support the study from Assouad and Parboteeah (2018) who found that religiosity has an influence on innovation.

Social exchange theory has a basic principle as a benefit exchange relationship. In this case, human potentials that are spiritual in nature such as self-transcendence and spirituality have not been able to bring oneself into one's job role and devote more physical, cognitive, and emotional resources to the organization, so that they have not fully supported working more creatively and innovatively. Furthermore, they tend to reciprocate by putting a standard effort or dedication into the job (Osborne & Brown, 2005).

5.6. The Influence of Spiritual Leadership on Innovative Behavior

The test results of the sixth hypothesis (H6) indicate that spiritual leadership has a positive significant influence on innovative behavior with positive value ($P = 0.000^*$).

This means that the sixth hypothesis (H6) proposed in this study supports the results of the previous studies conducted by Afsar and Rehman (2015), Ong and Jeyaraj (2014), and Khan et al. (2020) who stated that there is a significant influence of spiritual leadership on innovative behavior.

From the perspective of social exchange theory, followers of spiritual leader will reciprocate leader who supports them by showing positive behavior and attitude, which can contribute positively to the organization. Leaders who hold humanist, liberal, and transcendence (indicators of Islamic leadership) values tend to strengthen the moral value of their employees (Wang et al., 2019) such as organizational commitment, job satisfaction, organizational citizenship behavior, and intention to stay.

The spiritual leader is a leader who does not view his position as the highest position so that he needs excellent service from his subordinates. This leader sees his job as a mandate to serve, cultivate, and organize his subordinates so that they can jointly achieve success. Spiritual leadership has the character of true honesty, focus on righteous deeds, hates formalities and organized religion, works more efficiently with less talk, more relaxed, and open to change. In short, a spiritual leader is a leader who is loved and loves those he leads with humility.

5.7. The Influence of Work-Life Balance on Innovative Behavior

The test results of the seventh hypothesis (H7) indicate that work-life balance has a positive significant influence on innovative behavior with positive value ($P = 0.000^*$). Therefore, the seventh hypothesis (H6) proposed in this study supports the results of the previous studies conducted by Ong and Jeyaraj (2014) and Weng et al. (2019) who stated that there is a significant influence of work-life balance on innovative behavior.

According to the social exchange theory, when an individual realizes that he has received more benefit from the exchange, he will reciprocate the goodness that he received. Grawitch et al. (2006) stated that work-life balance contributes to employee engagement and organizational commitment, which eventually also contribute to higher productivity and lower turnover. In the concept of psychological contract and social exchange theory, the relationship between work-life balance and innovative behavior in a company has an indirect benefit for the organization. For example, work-life balance is positively related to perceived justice and supports from the organization.

Organization can drive employees' perception of organizational progress and many employees believe that they are more likely to be advanced in their career if they use flexible work and family working hours. An organization is considered an attractive place to work if it offers flexible

career paths, work-life balances, and other similar policies, as it will increase creativity and innovation of thinking by the employees.

6. Implications

6.1. Theoretical Implications

This study has proven the ability of exogenous variable modification of religiosity, spiritual leadership, and work-life balance, and shows that these variables can predict employee engagement and its impact on innovative behavior in state-owned sharia banks. From the three modified exogenous variables, it is found that religiosity has the most dominant indirect influence in increasing the impact of innovation behavior compared to work-life balance and spiritual leadership. This indicates that there is a strong relationship between religiosity and employee engagement. The stronger the religiosity of an employee in a state-owned sharia bank, the more it will increase their engagement toward their institution. Employees can show vigor (enthusiasm), dedication (sacrifice and dedication), and absorption (appreciation) in carrying out their respective roles, so that it can have an impact on the creative attitude to realize and develop new ideas for the best work in their workplace.

6.2. Managerial Implications

To increase the effectiveness and optimization of employee engagement from the Islamic value-based SET perspective in state-owned sharia banks, this study provides several recommendations, namely:

- a. Socialize the importance of an attitude of enthusiasm, dedication, and appreciation with Islamic understanding to employees so that it can be their daily attitudes and work guide.
- b. Leaders become role models in straightening the intentions through self-control and heart when working with religious values. Employees should also control the heart to always be positive to include the role of God when working. Working by controlling the heart with the name of God will bring out peace. The implication is that employees should be working with full awareness without the need for instructions from others, including leaders.
- c. Strengthen the role and support of structural leaders in the principles and theory of transactional relationship by incorporating religiosity in state-owned sharia banks. The company should also strengthen the role of HR managers in worship value-based work behavior (carrying the role of God) while working in state-owned sharia banking institutions.

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