

A Causal Model of Spiritual Leadership, Spiritual Well-Being and Employee Engagement: Leverage to Organizational Performance

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ABSTRACT

The overriding purpose for this study was to develop a new business model that would leverage organizational performance employing certain variables of spiritual leadership, well-being and employee engagement in a select electric distribution utility provider located in the Northern Mindanao region. Anchored on the theories of spiritual leadership (SL), and employee engagement (EE) – four (4) variables of SL; two (2) for spiritual well-being (SW); three (3) for EE and two (2) for organizational performance (OP) were tested to measure its impact against each other. The mixed method research design, specifically, the concurrent triangulation strategy was employed in conducting this study with 206 worker-respondents. Two sets of research instruments were used in the investigation; and unstructured key informant interviews were done to validate those quantitative numerical data. The quantitative data gathered were analyzed using descriptive statistics of frequency distribution, mean and standard deviation. To test the impact and to determine the model that best describe the relationship of the different variables, the Structural Equation Modeling (SEM) with path analysis (PA) was used. The findings of the best fit model suggested that that the more the organization builds on the spiritual aspects of their workers, the higher the probability for organizational commitment and productivity will be.

Keywords: Spiritual leadership, spiritual well-being, employee engagement, organizational performance.

INTRODUCTION

Delivery of services can be grossly affected by dissatisfaction, apathy, complacency, lack of professionalism and crab-mentality. These and the many other negative attitudes and behavior of employees can make an organization less performing and incurring millions or even billions of dollar loss. The global workforce and the current business environment at the international scene showed dismal reports of severe recession/survival thinking; business is not fun anymore; executives in a quandary; a fad fatigue - death of excellence; and deepening employee disengagement (Albrecht, 2011; Towers, 2012). These all equate to poor organizational performances resulting in business losses. Organizational performance is essential in evaluating firm outputs vis-a-vis its goals and objectives, it is the most important criterion for assessing organizations, their actions, and environments (Richard, 2009). Many measures have been created to manage organizational performance but due to the very fast changing times the field of performance excellence challenged leaders to develop new business models. These models must go beyond reporting financial metrics to include and accentuate customer satisfaction, organizational outputs such as quality and delivery, internal operating measures, corporate social responsibility, commitment, and employee well-being (Baldrige National Quality Program, 2005; Kaplan and Norton, 1992, 1996, 2004) as cited by Fry and Matherly (2006).

Mindanao experienced power crisis and rotating brownouts that were feared to continue until resolved; authorities announced to date (Egco, 2014; Olchondra, 2012). With these pronouncements, workers within this sector are expected to be on their toes - more committed and highly productive in the delivery of goods and services to their respective clienteles. Long ago Patalinghug (2003) argued that existing electric cooperatives need to undertake meaningful organizational and financial restructuring to attain sustainable commercial viability. According to Valderrama and Bautista (2011), one of the issues that have not been addressed adequately by industry players and the Energy Regulatory Commission (ERC), is the observed high levels of inefficiency with which Philippine electricity distribution utilities (DU) operate. This inefficiency led one DU, an electric cooperative to be charged with plunder, graft and other violation cases for neglecting its duties and rendering a whole province (32 towns) in darkness for almost a year (Jubelag, 2014; Saaduddin, 2014).

Building on these premises, the researcher hoped to develop a model for organizational performance that would further the efficiency level of organizations

particularly the electric distribution utilities. Although efficiency is affected by many factors, this paper sought to develop a model that would boost the spiritual well-being of the human workforce as leverage to organizational effectiveness and efficiency vis-à-vis performance. This took into consideration the values, attitudes and behavior of spiritual leadership under the umbrella of workplace spirituality so that employee engagement and ultimately, high levels of commitment and productivity for organizational performance be achieved.

FRAMEWORK

This paper brought to the forefront spiritual leadership, spiritual well-being and employee engagement as leverage to organizational performance. Anchored in the spiritual leadership theory developed by Louis W. Fry (2003) and employee engagement by Kahn (1990), this study advanced that these constructs of spirituality and employee engagement impact organizational performance. Fry's (2003) theory argued that spiritual leadership is necessary for the transformation to and the continued success of a learning organization. It is defined as the values, attitudes, and behaviors that are necessary to intrinsically motivate one's self and others so that they have a sense of spiritual well-being through calling and membership (Fry, 2003). Spiritual leadership is a causal leadership theory for organizational transformation designed to create an intrinsically motivated, learning organization. It was developed within an intrinsic motivation model that incorporates vision, hope/faith, and altruistic love, theories of workplace spirituality, and spiritual survival/well-being. This intends to tap the fundamental needs of both leader and follower for spiritual survival or spiritual well-being ultimately, to foster higher levels not only of psychological well-being and positive human health but also organizational commitment and productivity (Fry, 2003, 2005).

This paper also based its concept of employee engagement on the model of Kahn (1990) which proposed that engagement not on worker skills but on how one commits him/herself during the performance of the job, cited by (Wilson 2009). Kahn (1990) defines employee engagement as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". The physical aspect of employee engagement concerns the natural and corporeal energies exerted by individuals to accomplish their roles. The cognitive aspect includes employees' beliefs about the organization, management, and working conditions. The emotional components define the employees' positive

or negative attitude, how they “feel” about their employer, company’s values, leaders and working conditions (Kahn, 1990; Pandey and David, 2013). Hence, according to Kahn (1990), engagement means to be physically as well as psychologically present when occupying and performing an organizational role (Pandey *et al.*, 2013).

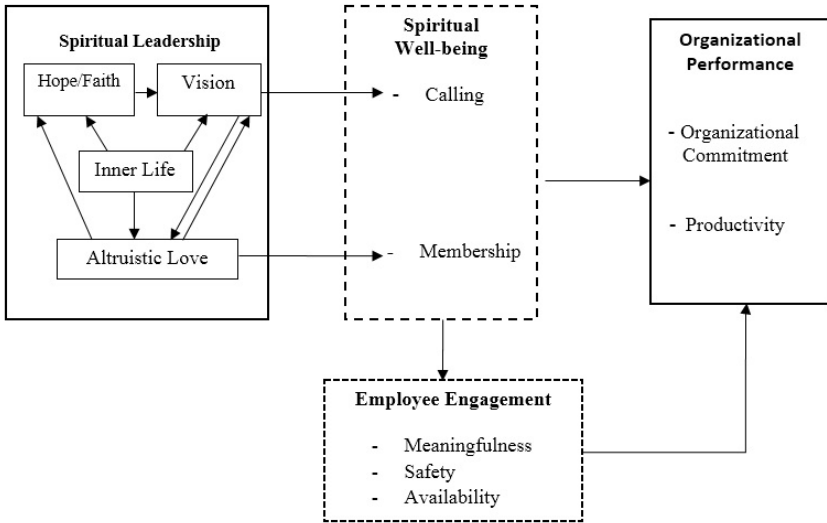


Figure 1. Schematic Diagram of the Hypothesized Model.

The hypothesized model presented in Figure 1 shows the interplay of the variables used in this study. Spiritual leadership with its component variables serves as the independent variable. Spiritual well-being and employee engagement enclosed in broken lines are the endogenous variables. Endogenous variable is a variable that is an inherent part of the system being studied and determined from within the system. It is a variable that is caused by other variables in a causal system. An endogenous variable may also cause another endogenous variable in the model (Kenny, 2011). The organizational performance with its component variables makes the dependent variable.

To summarize the hypothesized relationships among the variables of the spiritual leadership and employee engagement causal model (Figure 1), spiritual leadership with inner life as its source is “doing what it takes” through hope/faith in a clear, compelling vision that produces a sense of calling – that part of spiritual

well-being that gives one a sense of making a difference and that life has purpose and meaning. Cultivating an organizational culture of altruistic love keeps members looking (hope/faith) towards the future (vision). Altruistic love is also given unconditionally from the organization and is received in turn from workers in pursuit of common vision that gives one a sense of membership – that part of spiritual well-being that gives one a sense of being understood and appreciated. By satisfying employees' fundamental need for spiritual well-being, positive personal and organizational outcome that comprise organizational performance are generated, i.e. organizational commitment that makes one loyal; and productivity, efficient in producing results. Similarly, calling and membership – those same parts of spiritual well-being is hypothesized to be related to employee engagement particularly meaningfulness, safety and availability that will likewise produce a significant positive impact on organizational performance, commitment, and productivity.

OBJECTIVES OF THE STUDY

The study worked on the following objectives: (1) to investigate the extent and test the impact of spiritual leadership to spiritual wellbeing and employee engagement; and (2) to develop a model that would leverage the organizational performance of an electric distribution utility located in the Northern Mindanao region.

METHODOLOGY

The study used the mixed method of quantitative and qualitative research design, particularly the concurrent triangulation strategy. Concurrent triangulation strategy is one of the strategies of the mixed method design. It is characterized by two or more methods used to confirm, cross-validate, or corroborate findings from concurrent data collected within a study (Creswell, 2003) cited by Biddix (2009). For the most part, the constructs and or variables of this study were assessed using quantitative data. The findings of the numerical data were then paralleled with findings drawn from key informants' unstructured interviews to draw convergence and corroboration of results for the study.

The data for this study were drawn from a Northern Mindanao-based electric power distribution utility. The sample consisted of two hundred six (206) employees. For ethical reason and per request of the organization, its name and the

names of key informants were withheld.

There were two sets of research instruments used in this investigation. The first part was the Revised Spiritual Leadership Questionnaire developed and validated especially for Spiritual Leadership Theory by Fry Vitucci, and Cedillo (2005); Malone and Fry (2003); and Nyhan (2000). The second part of the questionnaire was the modified Employee Engagement questionnaire designed and validated by May, Gibson, and Harter (2004) which was adapted by Shuck (2010).

To investigate the extent of spiritual leadership, spiritual well-being, employee engagement and organizational performance; Problem Nos. 1-4 were employed. It addressed the respondents' views, assessment and evaluation of these four constructs of the paper. The descriptive statistical tool was used for these items. Descriptive statistics comprises those methods concerned with collecting and describing a set of data as to yield meaningful information (Walpole, 1982). Frequency distribution, mean and standard deviation were the measures used to organize the data.

To test the impact and to develop a model that best describe the relationships of the different variables of this study, findings in Problem No. 5 were utilized. From the schematic diagram of this study, three (3) hypothesized models were formulated and tested for the best fit model using Structural Equation Modeling (SEM) with path analysis. SEM is particularly useful in inferential data analysis and hypothesis testing because it allows for simultaneous, multiple dependent relationships between dependent and independent variables just as presented in this paper.

RESULTS AND DISCUSSION

Concordant to the objectives of this study, the following discussion summarized its findings. Objective No. 1 sought to investigate and test the extent of spiritual leadership, spiritual well-being and employee engagement and the organizational performance of the select organization. Problem Numbers 1 – 4 resolved this objective as follows:

First, the respondents of the study viewed themselves “high” in terms of cultivating their inner lives; “believed” in the organization’s vision of service to stakeholders; have a “strong” hope/faith in their organization and its mission; and the culture of altruistic love, is “well felt” in the organization. Therefore, this means spiritual leadership is positively evident in this workplace.

Second, the respondents evaluated their spiritual well-being as “high” in terms

of calling and; “high” in terms of membership. This implies that the employee-respondents find purpose and meaning and; have a sense that one is understood and appreciated in this organization.

Third, the respondents assessed their organizational performance to be “committed” considering organizational commitment and, “high” in productivity. This indicates that the employee-respondents are loyal or attached to and; are efficient in producing results benefits or profits for the organization.

Fourth, the respondents rated employee engagement as “meaningful” in terms of psychological component, meaningfulness; “high” in terms of safety and; “available” in terms of psychological availability. This means that respectively the employee-respondents find their work meaningful and are receiving a return on investments on their self-in-role performances. They can express their true selves without fear of negative consequences to self-image, status or career. They believed that their organization provides for the physical, emotional and, psychological resources they need as they invest their selves in work.

Problem No. 5 answers Objective No. 2, wherein the researcher aimed to develop a model for organizational performance particularly organizational commitment and productivity based on the findings in Problem Nos. 1-4. To this effect, three hypothesized models were tested in this study. Models 1 and 2 were rejected as they fell below the standard indices of a good fit. Per SEM result, Hypothesized Model 3 showed to have the best fit model for this sample. The following discussion adheres to it:

Hypothesized Model 3. Spiritual leadership (SL) based on inner life, hope/faith, vision and altruistic love will result in an increase in one’s sense of spiritual well-being (SW) -Calling through SL-Vision and, SW-Membership through SL-Altruistic Love and; ultimately driving positive organizational performance such as OP-Productivity through SW-Calling and, OP-Organizational commitment through SW-membership. Likewise, the two factors of spiritual well-being namely SW-Calling and SW-Membership impact all three employee engagement indicators namely: EE-Meaningfulness, EE-Safety, and EE-Availability. In turn EE-Meaningfulness and EE-Safety both result to OP- Organizational Commitment and, EE-Availability results to OP- Productivity.

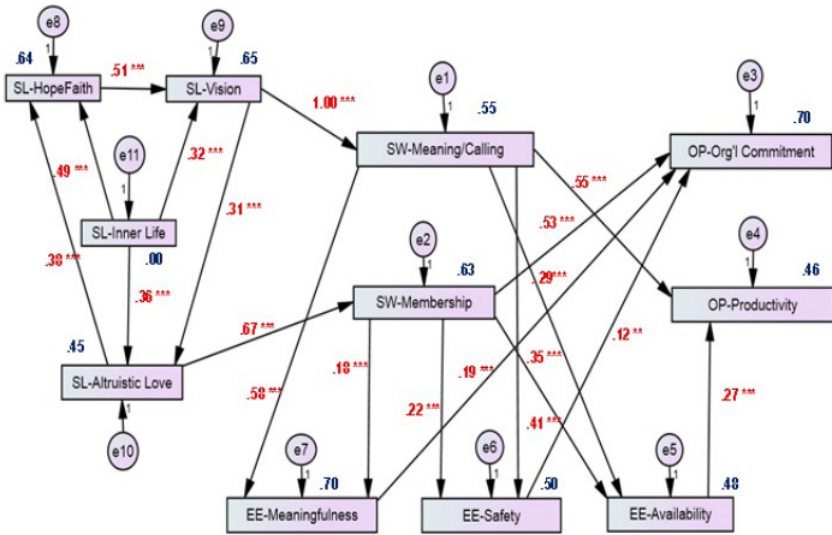


Figure 2. Hypothesized Model 3. (Best Fit Model).

Table 1. Results of the Calculation of the Overall Model Fit Indices for Hypothesized Model 3

Model	X ²		Prob .	NFI	GFI	CFI	AGFI	RMR	RMSEA
	value	df							
Hypothesized Model 3	36.37	23	0.073	.983	.969	.994	.952	.004	.048
Standard Fit Criterion	not significant; ratio of X ² to df ≤ 2			≥ .95	≥ .95	≥ .93	≥ .95	nearing zero	< .05

Hypothesized model 3 as proposed was found to be the best model in relation to the standard fit criterion as shown in table above. The value of the chi-square (X²) to degrees of freedom (df) is non-significant (X² = 36.37, df=23, p=.073). The normed fit index (NFI) goodness-of-fit index (GFI) are .983, .969 and adjusted goodness of fit index (AGFI) .952, respectively, are above the standard of .95. CFI or comparative fit index is .994, is greater than the standard .93. The root mean square residual (RMR) is .004 nearing zero and Root Mean Square Error of Approximation (RMSEA) .048, less than .05. The goodness of fit test and indices are all highly significant thus providing empirical support that this model fitted the data well.

CONCLUSIONS

Spiritual well-being hinged on spiritual leadership impacts strongly employee engagement and organizational performance. Specifically, vision and altruistic love become the propelling factors that indirectly drive organizational performance through spiritual well-being and employee engagement. Unlike Fry's, this study considered employee engagement as an efflux of spiritual well-being and subsequent predictor of organizational performance.

This research has confirmed the singular role of spiritual leadership for organization to walk their mission and approximate their vision. It is then of paramount importance that the organizations strengthen their efforts to nurture employees in their altruistic love and help them align their personal vision with that of the organization.

RECOMMENDATIONS

Based on the findings of this present study, the following recommendations are specified:

1. For organizational implementation –
 - 1.1 For a group or business establishment that desire organizational transformation through spiritual leadership, it has to decide to become a truly learning organization – because a learning organization continuously transform themselves to produce quality products and services that exceed stakeholder expectations;
 - 1.2 implement organizational spiritual leadership by setting direction (Vision-Mission), defining deeper goals, adjusting strategies to address the changing business environment, and serving as role model for leaders throughout the organization;
 - 1.3 create/redesign and put a significant amount of time to patiently communicate vision of service to key stakeholders;
 - 1.4 promote/establish cultural values centered on care and concern for employees (altruistic love), such as emphasizing interventions that target values of forgiveness, acceptance and gratitude (i.e. testimonial meetings; meeting between three people and high-ranking manager; annual one-on-one personal conversation; meeting with laid-off or dismissed employees, etc.);
 - 1.5 implement management practices that support employees' inner life as an important facet, in fact, source of spiritual leadership; (i.e. a room for inner silence; spiritual support groups; corporate chaplains for confiden-

- tial inner spiritual guidance and support; etc.); and
- 1.6 periodically administer the organizational Spiritual Leadership Survey to measure and establish a baseline for the Spiritual Leadership Model.
2. For future researchers -
- 2.1 that another study be done using this model considering other indicators for organizational performance such as sales or profit; and
 - 2.2 to test the impact of the spiritual leadership model on other sectors, i.e. the government or the educational sector

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