

# Spiritual Leadership and Its Impact on Organizational Performance

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## Abstract

The purpose of this paper is to review the concept of spiritual leadership and its relationship with Organizational performance. Spiritual leadership consists of components such as vision, altruistic love, faith and Organizational Commitment. All organizations have potential for growth and success. The key is effective leadership. We have multiple bookstore shelves overflow with leadership theories. Most leadership promotes ideas based on scripture and does not imply the role of god in attaining spirituality. Spiritual leaders who simply follow secular methods and their experience to get success but will be unable to attain true spiritual leadership. People follow spiritual leaders who understand god agenda and who know how to move them on to it. In this paper, we have made an attempt to describe what spiritual leadership is and how it affects the organisational performance.

**Key Words:** Spiritual leadership, Leadership styles, Organisational performance etc.

**JEL Classification :** D 23, M 10, M 11.

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## 1. INTRODUCTION

The success of the business in obtaining its objectives depends on the top managers and their leadership style. Then what is leadership style? Leadership style is a personal characteristic, which lifts people's vision to higher sights, builds commitment, motivates and empowers them to accomplish personal, organizational and social objectives. For instance, there are leaders like the Banyan tree. There are also leaders like coconut tree. Banyan

tree is one which gives the umbrella of protection to those coming under its shade, but it never allows a single grass to grow under it. Leaders of Banyan tree concept build up an empire with committed loyalties, for which the benefits are passed on. But the people who may get benefit would not grow by themselves. They are always the parasites. On the other hand, coconut tree which does not give the shade, but offers tender coconut to the person who may be tired of day's hard work, and wanting to go back to work after some relaxation. Leaders of coconut tree concept allow others to independently grow by themselves. They only extend the support and not the shelter. In today's environment, we need persons of coconut tree to convert ordinary man into extra ordinary and achieve sustainable gain in the business.



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Leadership style is influenced by various factors such as can attitude, knowledge and skills, organizational values, and reliability of employees in different situations. However, no one leadership style is ideal for every situation, since a leader may have knowledge and skills to act effectively in one situation but may not emerge as effective leader in a different situation. To be effective, leaders must behave differently in different situations (Fry). He argued that Most leadership theories : path-goal, charismatic, and transformational theories of leadership, focused in varying degrees on one or more aspects of physical, mental, or emotional elements of human interaction in organizations and neglected the spiritual component. In Most the leadership research studies spiritual qualities are commonly overlooked in relation to leadership positions .

Spiritual leadership is a treasure house of scientific knowledge aimed at establishing peace and harmony in the organization. It develops scientific temperament and finds solutions to the problems confronting mankind. The problems may be encountered within the individual, in the organization or in the society. It removes blind beliefs. It advocates that nothing should be accepted without thorough enquiry (Fairholm).

Spiritual leaders are visionary leaders and these leaders will be a missionary, extremely practical, intensively dynamic and capable of translating dreams into reality. Again, it aims at transforming the lives of the people through the continuous process of eliminating the negative thoughts like anger, hatred, ill-will, jealousy and fostering positive thoughts like love, compassion, empathy tolerance, and goodwill. These positive thoughts benefit personal outcomes such as good human health, psychological wellbeing, improved employee commitment, productivity and reduced absenteeism and turnover (Fry).

## 2. REVIEW OF LITERATURE

Spiritual leadership theory is a causal leadership theory for organizational transformation designed to create an intrinsically motivated, learning organization. The theory of spiritual leadership was developed within an intrinsic motivation model that incorporates vision, hope/faith, and altruistic love, theories of workplace spirituality, and spiritual survival/wellbeing. The purpose of spiritual leadership is to tap into the fundamental needs of both leader and follower for spiritual survival/well-being through calling and membership, to create vision and value congruence across the individual, empowered team, and organization levels and, ultimately, to foster higher levels not only of psychological well-being and positive human health but also organizational commitment and productivity (Fry, 2003, 2005). Spiritual leadership is defined as the values, attitudes, and behaviors that are necessary to intrinsically motivate one 's self and others so they have a sense of spiritual survival/well-being through calling and membership. This entails (Fry). Creating a vision wherein leaders and followers experience a sense of calling in that life has meaning and makes a difference. Establishing a social/organizational culture based on the values of altruistic love whereby leaders and followers have a sense of membership, feel understood and appreciated, and have genuine care, concern, and appreciation for both self and others. Eextended spiritual leadership theory by exploring the concept of positive human health and well being through recent developments in workplace spirituality, character ethics, positive psychology and spiritual leadership.

Ethical well-being is then seen as necessary but not sufficient for spiritual well-being which, in addition to ethical well-being, incorporates transcendence of self in pursuit of a vision/ purpose/mission in service to key stakeholders to satisfy one's need for calling and membership. Fry hypothesized that those practicing spiritual leadership at the personal

level will score high on both life satisfaction in terms of joy, peace and serenity and the Ryff and Singer dimensions of well-being. In other words, they will: 1. Experience greater psychological well-being. 2. Have fewer problems related to physical health in terms of allostatic load (cardiovascular disease, cognitive impairment, declines in physical functioning, and mortality). More specifically, those practicing spiritual leadership and their followers would have a higher regard for one's self and one's past life, along with good-quality relationships with others. This in turn helps to create (1) the sense that life is purposeful and meaningful, (2) the capacity to effectively manage one's surrounding world, (3) the ability to follow inner convictions, and (4) a sense of continuing growth and self-realization.

Hope, faith and belief, conviction, trust, and effort for performance of the work to achieve the vision. Thus, spiritual leadership proposes that hope/faith in the organization's vision keeps followers looking forward to the future and provides the desire and positive expectation that fuels effort through intrinsic motivation. According to the spiritual leadership theory, altruistic love is also given unconditionally from the organization and is received in turn from followers in pursuit of a common vision that drives out and removes fears associated with worry, anger, jealousy, selfishness, failure and guilt and gives one a sense of membership that part of spiritual survival/well-being that gives one an awareness of being understood and appreciated. There is emerging evidence that spiritual values and practices are related to leadership effectiveness (Reave) and that organizations have higher levels of employee commitment, productivity, and customer satisfaction when employees' spiritual needs are met and aligned with organizational vision and values (Duschon and Plowman) The purpose of this research is to extend and test the impact of spiritual leadership as a driver of organizational commitment, productivity and firm performance (as measured by firm

profitability and sales growth). Spiritual leadership based on vision, altruistic love and hope/faith is hypothesized to result in an increase in one's sense of spiritual well-being (e.g. calling and membership) and ultimately positive organizational outcomes such as increased. Organizational commitment Employees with a sense of calling and membership will become attached, loyal to, and want to stay in organizations that have cultures based on the values of altruistic love. Productivity and continuous improvement Employees who have hope/faith in the organization's vision and who experience calling and membership will "Do what it takes" in pursuit of the vision to continuously improve and be more productive. Profits and sales growth Highly committed productive employees who are motivated to continuously improve key organizational processes will also be motivated to produce high quality products and provide outstanding customer service. This should then be reflected in higher organizational profit and increased sales growth.

### 3. OBJECTIVES OF THE STUDY

Following are the objectives of the study:

- To provide an understanding of concept spiritual leadership.
- To highlight the importance of spiritual leadership in organisational performance.

### 4. COMPONENTS OF ORGANIZATIONAL PERFORMANCE

There is emerging evidence that spiritual values and practices are related to leadership effectiveness. Effective leader organizations have higher levels of employee commitment, productivity, and customer satisfaction when employees' spiritual needs are met and aligned with organizational vision and values. These spiritual needs are intangible concepts that stimulate their actions for better organizational outcomes.

The quality of work life in an organization is greatly influenced by the spiritual and ethical

values prevalent in the organization. Apart from setting good examples in the society, these individuals have a good character, are also self-motivated, self-disciplined and regarded as good leaders. It has been found, wherever there is disregard of importance of such spiritual values, there is deterioration in the spiritual and ethical standards of the people in all walks of life. In the same way, those managers whose aim is to achieve the highest level of managerial effectiveness in the organization, the vedantic wisdom shows them the way along a path where the pursuit of excellence goes hand in hand with their own spiritual development.

Every human being should be aware of his own profit & loss account, whereby he understands, (1) how much he receives from the organization and (2) how much he gives to the organization and (3) how much costs are involved on account of him per minute or per hour or per man day. Further, employee should also made aware of his own balance sheet, as to what extent he is (1) an asset to organization, or (2) a liability to the organization and whether in the ultimate analysis, he represents capital to the organization or accumulated losses to the organization.

## 5. SPIRITUAL LEADERSHIP AND QUALITY OF WORK LIFE

A study was conducted by researchers and found that satisfaction with organizational vision was significantly associated with quality of work life. Vision of the leader instills hope/faith to the followers. It is clear that vision and hope/faith is positively related due to its relationship.

In one another study it was found there is association between 'altruistic love' as an element in the emerging theme of 'workplace spirituality', and 'workers' commitment' in the Nigerian manufacturing industry, found that a culture of altruistic love leads to high workers' commitment. Based on the positive relationship between organizational commitment and job satisfaction.

Research was conducted by to empirically demonstrate the relationships between personal meanings, calling and organizational commitment in the context of spiritual leadership. Wong's Personal Meaning Profile was used to establish the various sources of personal meaning and identify those that predict calling. The results showed significant positive correlations between self-transcendent personal meaning and calling. Further, calling was also positively correlated with organizational commitment and contrasted with work-as-job as a predictor of commitment. The study suggests that not all sources of personal meaning are predictive of calling, and that calling mediates the relationship between self-transcendent personal meaning and organizational commitment. Based on the positive relationship between organizational commitment and job satisfaction. Spiritual leadership theories compose of leader's action of creating the vision and instills hope and faith to their followers. Incorporating the altruistic love then will fulfill the followers spiritual survival by feeling of membership and giving works.

A research on the original job characteristics model (JCM) and on an elaborated model of work design to examine relationships between ethical leadership, task significance, job autonomy, effort, and job performance was conducted. The results found a support for a fully mediated model whereby task significance and effort fully mediate relationships between ethical leadership and subordinates' job performance. A study to examine the differences of leadership styles and selected demographic characteristics of principals on the job satisfaction of teachers was conducted. Specifically, this study was concerned with the influence of the variables of principals' leadership style, age, gender, total years of experience, principals' experience at the present school, highest degree completed, race/ethnicity and teachers' job satisfaction in regards to pay, promotion, supervision, benefits,

rewards, work conditions, coworkers, the nature of work, communication and the total years of teaching experience. The results suggest that among others; there was no significant difference found between the perceived leadership style of principals and the job satisfaction of teachers with regards of pay, supervision, benefits rewards, working conditions, coworkers, nature of work, communication and the overall satisfaction.

The interactions between leadership style, subordinate personality, and task type, and the effects of different combinations of these variables on group performance and satisfaction with supervision was investigated. The results suggest that there were significant interaction effects for leader, subordinate and task combinations. Subordinates, regardless of their personality, were significantly more satisfied with leadership behavior that was high in human relations orientation.

Investigates the employee satisfaction in terms of organizational culture and spiritual leadership in a metal working industry in Turkey. The results indicate that employee satisfaction has positive significant correlations with organizational culture and spiritual leadership.

Economic growth is essential indicator for progress. If it is achieved without social justice, there is no equitable distribution of prosperity. What is the use of gaining everything and losing the character? Swami Vivekananda said that 'when wealth is lost, nothing is lost, when health is lost, something is lost, and when character is lost everything is lost". Therefore, the man making education, the character molding education is essential for a really healthy society. Spiritual leaders also said that knowledge is the power, but greater power is the power of love and much greater power is character. The indecent and egoistic projection of power, position, fame and wealth could be the body manifestation of muscle power, whose superstructures do not sustain without the foundations of the good character.

The mediator of Leader-member Exchange between trust in peers and one's perception of career satisfaction was examined. This empirical study establishes that in addition to cultivating employees' trust in management, the enhancement of employees' trust in their peers can help them to become more satisfied with their career advancement. However, this positive association between trust in peers and career satisfaction has to be supported by a good quality relationship between the employee and his/her supervisor. If employees place high trust in their peers, then they are more likely to form a high quality relationship with their supervisors and ultimately more likely to enjoy career success.

## 6. SPIRITUAL LEADERSHIP AND ORGANIZATIONAL PERFORMANCE

Spiritual leadership comprises the values, attitudes, and behaviors required to intrinsically motivate one's self and others in order to have a sense of spiritual well-being through calling and membership, i.e., they experience meaning in their lives, have a sense of making a difference, and feel understood and appreciated. The effect of spiritual leadership in establishing this sense of leader and follower spiritual well-being is to create value congruence across the strategic, empowered team, and individual levels to, ultimately, foster higher levels of employee positive human health, psychological and spiritual well-being, organizational commitment, productivity and, ultimately organizational performance. A high degree of workplace spirituality and spiritual leadership, as a driver of organizational commitment and productivity, is essential to optimizing organizational performance. There is emerging evidence that spiritual values and practices are related to leadership effectiveness and that organizations have higher levels of employee commitment, productivity, and customer satisfaction when employees' spiritual needs are met and aligned with organizational vision and values . Employees with a sense of calling and membership will become attached, loyal to, and

want to stay in organizations that have cultures based on the values of altruistic love. Employees who have hope/faith in the organization's vision and who experience calling and membership will "Do what it takes" in pursuit of the vision to continuously improve and be more productive. Highly committed productive employees who are motivated to continuously improve key organizational processes will also be motivated to produce high quality products and provide outstanding customer service. This should then be reflected in higher organizational profit and increased sales growth.

### **7. ROLE OF SPIRITUAL LEADERSHIP IN ORGANIZATIONS**

All organizations have potential for growth and success; the key is effective leadership. We have multiple bookstore shelves overflow with leadership theories. Most leadership promote ideas based on scripture and does not imply the role of god in attaining spirituality. Spiritual leaders who simply follow secular methods may experience some degree of success but will be unable to attain true spiritual leadership. People follow spiritual leaders who understand god agenda and who know how to move them on to it.

The meaning of spiritual leadership in the workplace :

- Connectedness to self, others and higher beingness
- An attitude of service and stewardship
- Transcending ones ego for the greater good
- Total well-being
- Moral awareness
- Positive expectations
- Adding value to self and others

In the workplace, spirit based management such as following your ethics, showing care, empowering others and building team work. We should work towards enhancing business ethics, sustainability and social responsibility. We all should value our

organizations and should have a clear purpose and meaning at the workplace. Organizations should self-organize into a shape and the type of leadership will determine whether this shape is life enhancing and sustainable.

### **8. FUNDAMENTAL PROPOSITIONS OF SPIRITUAL LEADERSHIP**

- Satisfying the spiritual needs in the workplace positively influences human health and psychological well-being and forms the foundation for the new spiritual leadership paradigm.
- By tapping into these basic essential needs spiritual leaders produce the follower trust, intrinsic motivation and commitment that is necessary to simultaneously optimize organizational performance and human well-being in learning organizations.
- Spiritual well-being is an outcome of spiritual leadership.

### **9. CONCEPTUAL FRAME WORK OF THE STUDY**

A conceptual framework is diagrammatically represented to explain the relationship between the components of spiritual leadership, quality of work life and organizational performance for easy and comprehensive understanding.

Keeping the objectives of the study in view, Spiritual leadership is considered as independent variable. On the other hand, Quality of work life and organizational performance are considered as the dependent variables.

Spiritual leadership consists of components such as vision, altruistic love, hope/faith, meaning, calling and membership. The various dimensions of Quality of work are Work Life Balance, Health & well being, Job satisfaction, Management Support, Co-worker support, Institutionalization of Ethics, Extrinsic & Intrinsic rewards, Welfare schemes and

Organizational Commitment. Organizational performance has components such as new business, repeat business, return on investment, profit after tax, customer satisfaction and employee turnover etc. These components are those, which have been repeatedly stated by researchers and selected after seeking expert judgments.

## 10. CONCLUSION

This paper has been divided into two parts. The first part deals with introduction to the concept of spiritual leadership. The second part deals with the importance of spiritual leadership in organisational performance. Spiritual leadership consists of components such as vision, altruistic love, faith and Organizational Commitment. All organizations have potential for growth and success. The key is effective leadership. Spiritual leadership has emerged in the midst of people searching for something for their spiritual survival in today's chaotic business environment. For organizations that aim to excel and gain a competitive advantage, they have to retain a team of highly motivated and satisfied employees to attain optimum performance. A leaders' quality have become a paramount important to motivate and foster a maximum organizational commitment. The spiritual leadership components that consist of vision, hope/faith, altruistic love, meaning/calling and membership contain high value-based

leadership type which can trigger and change employees' action by practicing care and concern and intrinsically motivate them to perform willingly for the good of the organization. Leadership components and quality of work life. A high degree of workplace spirituality and spiritual leadership, as a driver of organizational commitment and productivity, is essential to optimizing organizational performance. There is emerging evidence that spiritual values and practices are related to leadership effectiveness and that organizations have higher levels of employee commitment, productivity, and customer satisfaction when employees' spiritual needs are met and aligned with organizational vision and values . Employees with a sense of calling and membership will become attached, loyal to, and want to stay in organizations that have cultures based on the values of altruistic love. Employees who have hope/faith in the organization's vision and who experience calling and membership will "Do what it takes" in pursuit of the vision to continuously improve and be more productive. Highly committed productive employees who are motivated to continuously improve key organizational processes will also be motivated to produce high quality products and provide outstanding customer service. This should then be reflected in higher organizational profit and increased sales growth.

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