

Spiritual Leadership and Organizational Performance: An Exploratory Study

Louis W. Fry

Laura L. Matherly

Tarleton State University – Central Texas
1901 South Clear Creek Rd.
Killeen, TX 76549
254-519-5476
fry@tarleton.edu
matherly@tarleton.edu

Presented at the 2006 Academy of Management meeting, Atlanta, Georgia.

Spiritual Leadership and Organizational Performance: An Exploratory Study

ABSTRACT

Spiritual leadership theory (SLT) is a causal theory for organizational transformation designed to create an intrinsically motivated, learning organization. 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. The purpose of this research is to test the SLT causal model and its impact on organizational performance using a sample of 347 workers employed by a large Southwest-based distributor of electrical power-source products in 43 company owned wholesale distributorships. The results (% of variation explained) provide additional support for SLT as a significant and important driver of organizational commitment (80%) and productivity (56%) as well as sales growth (13%).

Keywords: Spiritual Leadership; Organizational Performance; Leadership Theory

Spiritual Leadership and Organizational Performance: An Exploratory Study

Introduction

Issues regarding workplace spirituality have been receiving increased attention in the organizational sciences (Giacalone & Jurkiewicz, 2003a; Mitroff & Denton, 1999), and the implications of workplace spirituality for leadership theory, research, and practice make this a fast growing area of new research and inquiry by scholars (Giacalone, Jurkiewicz, and Fry, 2005). Moreover, there is emerging evidence that workplace spirituality programs not only lead to beneficial personal outcomes such as increased positive human health and psychological well-being but that they also deliver improved employee commitment, productivity and reduced absenteeism and turnover (Giacalone & Jurkiewicz, 2003b; Fry, Vitucci, & Cedillo, 2005; Malone & Fry, 2003).

Concurrently, the field of performance excellence has emphasized the need to go beyond reporting financial metrics to include nonfinancial predictors of financial performance such as customer satisfaction, organizational outputs such as quality and delivery, process or internal operating measures, and employee commitment and growth. Recent developments in strategic scorecards, performance measurement and quality, also point out the pivotal role that employee well-being, commitment, and productivity plays in predicting other key strategic performance indicators. Of these performance categories, employee commitment is the central and leading indicator of the other performance categories; in other words, a high degree of workplace spirituality and spiritual leadership, as a driver of organizational commitment and productivity, is essential to optimizing organizational performance (Baldrige National Quality Program, 2005; Fry & Matherly, 2006; Kaplan & Norton, 1992, 1996, 2004).

Spiritual leadership theory and organizational performance

Advocates of workplace spirituality propose that people bring unique and individual spirits to the workplace and are highly motivated by the spiritual need to experience a sense of transcendence and community in their work. Spiritual leadership involves motivating and inspiring workers through a transcendent vision and a culture based in altruistic values to produce a more motivated, committed and productive workforce.

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/well-being. 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 (See Figure 1). This entails (Fry, 2003):

1. Creating a vision wherein leaders and followers experience a sense of calling in that life has meaning and makes a difference.
2. 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.

Fry (2005) extended 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. He then argued that these areas provide a consensus on the values, attitudes, and behaviors necessary for positive human health and well-being. Ethical well-being is defined as authentically living one's values, attitudes, and behavior from the inside out in creating a value system congruent with the universal, consensus values inherent in spiritual leadership theory (Cashman, 1998; Covey, 1991; Fry & Whittington, 2005). 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 (2005) 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 (2001) 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.

To summarize the hypothesized relationships among the variables of the causal model of spiritual leadership (see Figure 1), "doing what it takes" through faith in a clear, compelling

vision produces a sense of calling -- that part of spiritual survival/well-being that gives one a sense of making a difference and therefore that one's life has meaning. Hope/faith adds 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, 2005) 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 & Plowman, 2005; Fry et. al., 2005; Malone & Fry, 2003). 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 (See Figure 1):

1. 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.
2. 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.

3. 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.

Method

Sample and procedures.

The data for this study are drawn from a larger study of a large Southwest-based distributor of electrical power-source products. The sample consisted of 347 workers employed in 43 company-owned wholesale distributorships who serviced automotive, commercial, marine/RV, motorcycle, and lawn and garden retail dealers. The survey was sponsored by the corporate Human Resource Management Vice President and was administered by the researchers utilizing an independent web-based survey site. Respondents were assured anonymity and used a common terminal at their convenience. The number of respondents per distributor ranged between five and twenty-seven. Twenty-six percent had been employed less than a year, thirty-five percent between one and five years, and thirty-nine percent over five years.

Measures.

The three dimensions of spiritual leadership, two dimensions of spiritual survival/well-being, and organizational commitment and productivity were measured using survey questions developed and validated especially for SLT research (Fry et. al., 2005; Malone & Fry, 2003). The items measuring affective organizational commitment and productivity were also developed and validated in earlier research (Nyhan, 2000). The questionnaire utilized a 1-5 (from strongly disagree to strongly agree) response set. Individual scores were calculated by computing the average of the scale items for the

seven SLT variables. The seven scales exhibited adequate coefficient alpha reliabilities between .83 and .94. Table 1 gives the items and Table 2 displays the means, standard deviations, correlations of the variables for the distributorships (n=43), and coefficient alphas for the scales (Computed from the individual data; n=347). Distributor scores for the SLT variables were computed by averaging the individual scores at each distributor. In addition, two measures of performance were provided by the corporation for each distributor – percentage increase/decrease in sales and distributor profit.

Tables 1 and 2 about here

Results

Test of spiritual leadership causal model at the individual level.

The AMOS 4.0 SEM SPSS program was used with maximum likelihood estimation to test the SLT causal model (Arbuckle & Wothke, 1999). One of the most rigorous methodological approaches in testing the validity of factor structures is the use of confirmatory (i.e. theory driven) factor analysis (CFA) within the framework of structural equation modeling (Byrne, 2001). Structural Equation Modeling (SEM) is particularly valuable in inferential data analysis and hypothesis testing. It differs from common and components (exploratory) factor analysis in that SEM takes a confirmatory approach to multivariate data analysis; that is, the pattern of interrelationships among the spiritual leadership constructs is specified *a priori* and grounded in theory.

SEM is more versatile than most other multivariate techniques because it allows for simultaneous, multiple dependent relationships between dependent and independent variables. That is, initially dependent variables can be used as independent variables in subsequent

analyses. For example, in the SLT model calling is a dependent variable for vision but is an independent variable in its defined relationship with organizational commitment, productivity, profit, and sales growth. SEM uses two types of variables: latent and manifest. Latent variables are vision, altruistic love, hope/faith, calling, membership, organizational commitment and productivity. The manifest variables are measured by the survey questions associated with each latent variable (see Figure 2). The structural model depicts the linkages between the manifest and latent constructs. In AMOS 4.0 these relationships are depicted graphically as path diagrams and then converted into structural equations.

Figure 2 shows the hypothesized causal model at the individual level for this study. This

Figure 2 about here

model is a nonrecursive model in that intrinsic motivation theory has feedback loops (between vision and altruistic love and from vision to altruistic love to hope/faith and back to vision). For this model to be identified (Bollen, 1989a), one of the loop parameters and a path common to both loops must be specified. A multiple regression analysis was performed on altruistic love with hope/faith and vision as predictors. The beta weight for the vision to altruistic love path was .74. This value was then used to gain model identification.

In addition, for the model to be identified the regression weight for one path leading away from each unobserved variable was fixed at unity as were all paths connecting the (unique) error components. Arbuckle and Wothke (1999, p.118) note that “every unobserved variable presents this identifiability problem, which must be resolved by imposing some constraint that will determine its unit of measurement.” Arbuckle and Wothke (1999) also state that the value

of the regression weight when using this procedure is arbitrary and that changing the scale unit of the unobserved variable (say to ½ or 2) does not change the overall model fit.

For ease of presentation, Figure 3 shows a simplified structural model (parameters have been omitted for clarity) with path coefficients on arrow links and squared multiple correlations in parentheses which give the proportion of each variable's variance that is accounted for by its predictors.

Figure 3 about here

The overall chi-square for the hypothesized model using the maximum likelihood estimation method is 2345.36 with 621 degrees of freedom ($p < .001$). The goodness of fit was measured using three commonly used fit indices: The Bentler-Bonnet (1980) normed fit index (NFI), the Bollen (1989b) incremental fit index (IFI), and the comparative fit index (CFI; Bentler, 1990) to compare the chi-square values of the null and hypothesized models using the degrees of freedom from both to take into account the impact of sample size. A value greater than .90 is considered acceptable (Bentler & Hu, 1995). For this model, the NFI is .950; the IFI is .963; and the CFI is .963. The results provide strong support for SLT's causal model and its measures. The goodness of fit test and indices are all highly significant thereby providing empirical support that, overall, the model fitted the data well.

As shown in Figure 3, all standardized path coefficients in the hypothesized causal model with the exception of the Calling → Productivity beta are, as hypothesized by SLT, positive and significant. The model's variable squared multiple correlations, which give the proportion of its variance that is accounted for by its predictors, range from .50 to .93.

Common method variance issues. Common method variance (CMV) may be an issue for studies where data for the independent and dependent variable are obtained from a single source.

In order to determine if the statistical and practical significance of any predictor variables have been influenced by CMV, Lindell and Whitney (2001) advocate the introduction of a marker variable analysis that allows for adjustment of observed variable correlations for CMV contamination by a single unmeasured factor that has an equal effect on all variables. However, marker variable analysis is most appropriate for research on simple independent-dependent variable relationships. It also is subject to a number of conceptual and empirical problems (Podsakoff, P., MacKenzie, Podsakoff, N., & Lee, 2003a).

SEM is more flexible than marker variable analysis because it is capable of testing unrestricted method variance (UMV) causal models since SEM allows the error terms to be intercorrelated without being fixed or constrained as in CMV. The AMOS 4.0 program has a modification indices (MI) option that allows one to examine all potential error term correlations and determine the changes in parameter and chi-square values. MI analysis for the data revealed the parameter changes due to latent variable error correlation to be less than .10. In addition, a survey administration process was used that protected respondent anonymity (thereby reducing evaluation apprehension) and the order of the items were counterbalanced to control for priming effects, item-context-induced mood states, and other biases related to the question context or item embeddedness (Podsakoff, et al., 2003a). Finally, Crampton and Wagner (1994) demonstrate that CMV effects seem to have been overstated, especially for studies such as this one that use self assessment of group performance with role, leader, and organizational characteristics and qualities. Therefore the effects of common method variance are believed to be minimal for these measures.

Test of spiritual leadership causal model at the distributor level.

Following the procedure outlined by James, Damaree, and Wolfe (1993), an assessment of within-group interrater agreement was performed for each of the seven spiritual leadership variables across distributorships prior to aggregating the individual data to compute the mean distributorship scores given in Table 2. Although, there is no statistical test for the James et. al. (1993) interrater agreement index, a score of 70 or above is considered desirable. The indices in this study ranged between .65 and .81 with an average of .73, which indicates (1) a satisfactory level of agreement in each group and (2) that aggregating the data to obtain distributor scores is acceptable.

Also, inequalities in market conditions are common between sales territories in the same organization and studies have indicated that territory characteristics are related to sales performance (Cron & Slocum, 1986). To investigate the influence of extraneous factors on territorial sales for distributors, path analysis regressions were run with distributor coded as a dummy variable for profit and percent increase/decrease in sales variables. Neither distributor beta reached significance nor were the betas for the spiritual leadership variables significantly different due to the addition of the dummy distributor variable. Hence, there is no significant influence of territory characteristics on distributor profits or percentage sales growth.

Figure 4 shows the causal model at the distributor level for this study. This

Figure 4 about here

model is also a nonrecursive model. For this model to be identified (Bollen, 1989a) we must again specify one of the loop parameters and a path common to both loops. A multiple regression analysis was performed on altruistic love with hope/faith and vision as predictors. The beta

weight for the vision to altruistic love path was .81. This value was then used to gain model identification.

The overall chi-square for the hypothesized model using the maximum likelihood estimation method is 97.97 with 29 degrees of freedom ($p < .001$). For this model, the NFI is .948; the IFI is .959; and the CFI is .959. The goodness of fit test and indices were all highly significant giving empirical support that, overall, the model fitted the data well. These results provide support for spiritual leadership theory's causal model as a predictor of distributor organizational commitment, productivity, and sales growth.

As shown in Figure 4, all standardized path coefficients in the hypothesized causal model for spiritual leadership and spiritual survival/well-being are, as hypothesized by SLT, positive and significant. They are also significant for organizational commitment and productivity with the exception of the Calling \rightarrow Organizational commitment beta. For the organizational performance variables, SLT had no significant relationships with distributor profit. However, the model accounted for 13% of the variance in sales growth with the Calling \rightarrow % Change Sales beta being a significant .41. The model's variable squared multiple correlations, which give the proportion of its variance that is accounted for by its predictors, range from .36 to .88.

Discussion

This research adds to the increasing evidence that leader emphasis on spiritual needs in the workplace produces beneficial personal and organizational outcomes (Eisler & Montouri, 2003; Giacalone & Jurkiewicz, 2003a; Malone & Fry, 2003; Mitroff & Denton, 1999; Zinnbauer, Pargament, & Scott, 1999). The results of this study, plus those of the Fry et. al. (2005) longitudinal study conducted on Army units, and the Malone and Fry (2003) field experiment conducted on a sample of elementary schools, provide strong initial support for the reliability

and validity of the SLT measures and the causal model of spiritual leadership. All three studies found significant positive betas among the spiritual leadership variables and between vision → calling and altruistic love → membership. Membership also explained significant variance in organizational commitment and the individual assessment of work group productivity. However, the results are mixed for calling. For example, in this and the Fry et. al. (2005) study, the calling → organization commitment beta was not significant while in the Malone and Fry (2003) study it was significant, although a moderate .24. Furthermore, the calling → productivity beta was not significant in this study but did reach significance at .30 in the other two studies.

These results also add to the mounting evidence that a spiritually led workplace is not only more productive, but may also be a source of sustainable performance and competitive advantage (Mitroff & Denton, 1999). Referencing Figure 4, it appears that membership is the primary driver of both organizational commitment and individuals' assessment of their work groups productivity, while calling appears to have a minimal, if any, impact on these variables. This makes the finding of a relatively strong positive relationship between calling and sales growth, but not profit, all the more interesting as well as speculative.

In SLT, calling is driven by a transcendent vision of service to customers/clients. It may be that employees manifest intrinsic motivation through calling by “doing what it takes” to “spread the organizations message” concerning the quality of existing and new products and services. This would include being spontaneous in seeking out new methods and customers and taking the initiative to develop and sustain internal and external cooperative relationships. To the extent that the culture is also high on altruistic love (as in this study), employees would have a strong sense of membership. This could explain the strong membership → productivity finding.

On the other hand, the profit variable may have too many other external or internal influences (or error in this study) on actual level of sales or expenses for calling or membership to directly be of influence. Similarly, all the significant predictors may not be specified and measured. In a model developed after the data collection in the present study, Fry and Matherly (2006) extended the SLT model to include the strategic management process, the input-process-output model of organizations as well as customer satisfaction as predictors of financial performance. Essentially, employee commitment is hypothesized to drive internal organizational processes, which determine the quality of the outputs that the customer receives. Quality products and services (outputs) result in higher levels of customer satisfaction, which in the end impacts financial performance. Nevertheless, if this finding holds up under the scrutiny of further research, to be able to predict 13% of revenue change (either an increase or decrease)—a variable that is typically a key performance indicator and strategic objective for all organizations—is of considerable practical significance, especially for a variable that is complex and multideterministic. If all the major predictors and leading indicators of sales growth, especially those between the SLT variables and sales growth are identified, the predictive power of the model should be increased even further.

This differential impact of calling and membership on organizational commitment, productivity, and sales growth is noteworthy and warrants further investigation. Much emphasis has been put on the importance of vision in current leadership research. However, it is argued that employee commitment is a central variable for quality and continuous improvement, customer satisfaction, and ultimately, financial performance (Fry, Matherly, & Ouimet, 2005; Kaplan and Norton, 1992, 1996, 2004). If membership is indeed a primary driver of organizational commitment and essential for calling to ultimately affect performance variables

such as sales growth, then a culture of altruistic love (where there is care, concern and appreciation for both organizational and employee needs) is necessary to satisfy followers' needs for membership.

Current theories of leadership have not addressed these altruistic love → membership linkages, yet they are central to spiritual leadership theory. The organizations in the three studies that have investigated spiritual leadership to date were chosen a priori for their high levels of spiritual leadership. For example, the corporation we choose for this research has God in its mission statement and corporate chaplains on staff for employees. Although the Malone & Fry (2003) study had a school with very low spiritual leadership (which demonstrated the discriminate validity of the SLT measures), future studies should be conducted in organizations with lower levels of spiritual leadership to further validate SLT theory.

Conclusion

Spiritual leadership theory was built upon Giacalone and Jurkiewicz's (2003b, p. 13) definition of workplace spirituality:

A framework of organizational values evidenced in the culture that promotes employees' experience of transcendence through the work process, facilitating their sense of being connected in a way that provides feelings of compassion and joy.

This sense of transcendence – of having a sense of calling through one's work – and the need for membership or social connection are central to the causal model of spiritual leadership and provide the necessary foundation for any theory of workplace spirituality and spiritual leadership.

Workplace spirituality and spiritual leadership research is in the initial concept/elaboration stage of development (Hunt, 1999). The October, 2005 special issue, *Toward a Paradigm of Spiritual Leadership* in the *The Leadership Quarterly* revealed that research in this

area to date has utilized novel methods to develop and test new theory. Three themes emerged: that what is required for workplace spirituality is an *inner life* that nourishes and is nourished by *calling or transcendence of self* within the context of a *community* based on the values of altruistic love. Satisfying these 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 and essential needs, spiritual leaders produce the follower trust, intrinsic motivation, and commitment that is necessary to simultaneously optimize organizational performance and human well-being. This is the fundamental proposition that should be tested in future research - that spiritual leadership is necessary for both human well-being and performance excellence in 21st century organizations.

Giacalone and Jurkiewicz (2003b) also posit that the greater the value congruence across levels, the more individuals will experience transcendence through their work. Thus, if we are to gain a systemic understanding of how workplace spirituality – through transcendence and value congruence among organizational, team, and individual values – impacts organizational performance, a focus on the interconnectedness and interplay across these levels is required. They also identify four major weaknesses that must be addressed if this newly emerging paradigm is to achieve acceptance within the scientific community: (1) the lack of an accepted, conceptual definition; (2) inadequate measurement tools; (3) limited theoretical development; and (4) legal concerns. To address these weaknesses and to advance as a workplace spirituality paradigm rooted in science, three critical issues will need to be addressed: levels of conceptual analysis; conceptual distinctions and measurement foci; and clarification of the relationship between criterion variables (Giacalone, Jurkiewicz, & Fry, 2005).

SLT significantly addresses these issues for the role of leadership in implementing workplace spirituality. In addition, SLT offers promise as a new paradigm for leadership theory, research, and practice given that it (1) incorporates and extends transformational and charismatic theories as well as ethics- and values-based theories and (2) avoids the pitfalls of measurement model misspecification (Fry, 2003; Fry et. al., 2005; Podsakoff et. al., 2003b).

Finally, this research brings to the forefront the proposition that spiritual leadership is an intangible asset that is a lead indicator of future financial performance. Future research is needed to test and validate the SLT causal model within a balanced or strategic scorecard framework (Matherly, Fry, & Ouimet, 2005; Fry & Matherly, 2006; Kaplan & Norton, 1992, 1996).

Strategic scorecards are more than a collection/organization of measures. Not only is organizational performance multifaceted, but the appropriate measures and the causal relations among the performance dimensions should be identified. Essentially the measures should encompass the determinants of business performance (financial) as well as be linked to the strategic direction of the firm. Kaplan and Norton's (2004) strategic categories (customer satisfaction, financial performance, internal processes and employee innovation and growth) and strategic mapping incorporates the notion that performance measurement systems must be integrated with strategy and include all performance drivers and indicators. Some organizations organize their existing metrics in the 3-5 perspectives and claim to have a Balanced Scorecard. But the Balanced Scorecard is not just a collection of financial and nonfinancial measures. The result of simply organizing metrics into a balanced scorecard format is that omissions are made—important drivers of performance are overlooked or not specified.

Most performance excellence models recognize the fundamental and central role that human resources play in impacting organizational processes and performance (Baldrige Award

Criteria, 2005; Abran & Buglione, 2003; and Kaplan & Norton, 1996). Employee commitment (not employee satisfaction) is the driver for excellent organizational processes which result in excellent organizational outputs. Customer satisfaction is affected by organizational outputs, e.g., high product/service quality and on-time delivery and customer satisfaction, in turn, ultimately impacts financial performance. The benefit of mapping and linking performance dimensions to financial performance or outcomes is the ability to effectively improve these outcomes.

The measures chosen by managers to manage the organization communicate priorities and focus for employees. Moreover, what is measured and reported can be managed and improved. If an important, predictive and leading indicator of organizational performance is employee commitment, then interventions can be targeted directly as appropriate. For example, if employee commitment is low or has declined, the reason/issues can be identified. To improve low commitment, the organization may desire to create/refocus a common vision wherein managers and employees experience a sense of calling in that their work has meaning and makes a difference. The design of the interventions should include input from all employees and capture their motivation to go the extra mile—exert the extra effort required to achieve performance excellence (Malone & Fry, 2003).

Similarly, organizational commitment may suffer if declining sales growth and company layoffs have created a culture of fear and employees feel unappreciated. This might require an intervention to change to a culture based on the values of altruistic love where managers and employees have a sense of membership, feel understood and appreciated and have genuine care, concern, and appreciation for both themselves and the organization. While the benefits of pursuing a culture based on altruistic love may have an immediate positive impact, many of the

changes will require a long term commitment (often three to five years) and have correspondingly long-term payoffs. Some leaders and followers may be egotistical and self-serving to the point that they do not have or want the values of altruistic love and, therefore, will not be responsive to positive organizational interventions (Snyder & Lopez, 2001). Ultimately, these individuals (including the CEO and top managers) may have to be removed from their positions if they are not capable or willing to commit to the visioning process and cultural values inherent in spiritual leadership.

This matters little, however, unless commitment is being monitored. Changes or low levels will not be identified and by the time financial performance is affected, internal processes, outputs and customer satisfaction will be adversely impacted. Building human resource capital resulting in excellent organizational processes and outcomes requires a long term focus and may not be effectively improved with a short term solution. A firm that is faced with declining sales that are a result of declining customer satisfaction can respond quickly if decreases in customer satisfaction are being monitored and the cause of lower satisfaction is investigated and determined. If the cause of low customer satisfaction is due to declining quality of outputs that in turn is due to low employee commitment, the most timely and effective remedy for the problem is to address the root cause—employee commitment.

While the particular measures in strategic scorecards vary depending on (1) the organization's strategy and (2) the linkages/causal paths among performance dimensions, employee commitment emerges as a consistent predictor of organizational processes and outcomes. In fact, employee commitment may be a universal performance dimension in all strategic scorecards and its generalizability along with the proposition that spiritual leadership is a major driver should be investigated in future research. Organizations that do not move to adopt

the spiritual leadership paradigm and measure and improve employee commitment do so at the peril of not addressing the core issue soon enough to be effective or remain competitive in the marketplace.

References

- Arbuckle, J. L. & Wothe, W. (1999). *Amos 4.0 user's guide*. Chicago, IL: SmallWaters Corporation.
- Abran, A. & Buglione, L. (2003). A multidimensional performance model for consolidating performance scorecards. *Advances in Engineering Software*, 34, 339-349.
- Baldrige National Quality Program. (2005). *Criteria for performance excellence*. National Institute of Standards and Technology, Department of Commerce.
- Bentler, P.M. (1990). Comparative fit indexes in structural models. *Psychological Bulletin*, 107, 238-246.
- Bentler, P.M. and Bonett, D.G. (1980). Significance tests and goodness of fit in the analysis of covariance structures, *Psychological Bulletin*, 88, 588-606.
- Bentler, P.M. and Hu. P. (1995). *EQS: Structural equations program manual*. Los Angeles, CA: BMPD Statistical Software.
- Bollen, K.A. (1989a). *Structural equations with latent variables*. New York, NY: Wiley.
- Bollen, K.A. (1989b). A new incremental fit index for general structure equation models. *Sociological Methods and Research*, 14, 155-163.
- Byrne, B.M. (2001). "Structural equation modeling with AMOS, EQS, and LISREL: Comparative approaches to testing for the factorial validity of a measuring instrument." *International Journal of Testing*, 1, 55-86.

- Cashman, K. (1998). *Leadership from the inside out*. Provo, UT: Executive Excellence Publishing.
- Covey, S. R. (1991). *Principle-centered leadership*. New York: Fireside/Simon & Schuster.
- Cron, W. L. & Slocum, J. L. (1986). The influence of career stages on salespeoples's job attitudes, work perceptions, and performance. *Journal of Marketing Research*, 23, 119-129.
- Crampton, S. M. & Wagner III, J. A. (1994). "Percept-percept inflation in microorganizational research: An investigation of prevalence and effect." *Journal of Applied Psychology*. 79,1, 67-76.
- Dushon D. & Plowman, D. A. (2005) Nurturing the spirit at work: Impact on unit performance. *The Leadership Quarterly*, 16, 5. 807-834.
- Eisler, R., & Montouri, A. (2003). The human side of spirituality. In R. A. Giacalone & C. L. Jurkiewicz (Eds.), *Handbook of workplace spirituality and organizational performance* (pp. 46-56). New York: M. E. Sharp. Inc.
- Fry, L. W. (2003). Toward a theory of spiritual leadership. *The Leadership Quarterly*, 14, 693-727.
- Fry, L. W. (2005). Toward a theory of ethical and spiritual well-being and corporate social responsibility through spiritual leadership. Forthcoming in Giacalone, R.A. and Jurkiewicz, C.L., (Eds). *Positive psychology in business ethics and corporate responsibility*. Greenwich, CT: Information Age Publishing.
- Fry, L. & Matherly, L. (2006, In press). Workplace spirituality, spiritual leadership, and performance excellence. In S. Roglberg & C. Reeve (Eds.), *The Encyclopedia of Industrial and Organizational Psychology*. San Francisco: Sage Publishing.

- Fry, L. W. & Whittington, J. L. (2005). Avolio, B., Gardner, W. & Walumbwa, F. (Eds.).
Authentic Leadership Theory and Practice: Origins, Effects, and Development
Monographs in *Leadership and Management*, Vol. 3, 183-200.
- Fry, L. W., Vitucci, S. & Cedillo, M. (2005). Spiritual Leadership and army transformation:
Theory, measurement, and establishing a baseline. *The Leadership Quarterly*, 16, 5. 835-
862.
- Giacalone, R A., & Jurkiewicz, C. L. (2003a). R. A. Giacalone, & C. L. Jurkiewicz (eds.),
Handbook of workplace spirituality and organizational performance (pp. 3-28). New
York: M. E. Sharp.
- Giacalone, R A., & Jurkiewicz, C. L. (2003b). Toward a science of workplace spirituality, In R.
A. Giacalone, & C. L. Jurkiewicz (eds.), *Handbook of workplace spirituality and
organizational performance (pp. 3-28)*. New York: M. E. Sharp.
- Giacalone, R.A., Jurkiewicz, C.L., and Fry, L. W. (2005). From advocacy to science: The next
steps in workplace spirituality research. In R. Paloutzian, (Ed.), *Handbook of psychology
and religion*. Newbury Park, CA: Sage.
- Hunt, J.G. (1999). Transformational/charismatic leadership's transformation of the field: An
historical essay. *The Leadership Quarterly*, 10 (2), 129-144.
- James, L. R., Demaree, R.
G., & Wolf, G. (1993). An assessment of within-group interrater agreement. *The Journal
of Applied Psychology*, 78,2, 206-309.
- Jarvis, C. B., MacKenzie, S. B. & Podsakoff, P. M. (2003). A critical review of construct
indicators and measurement model misspecification in marketing and consumer research.
Journal of Consumer Research, 30, 2, 199-218.

- Kaplan, R. S. & Norton, D. P. (1992). The balanced scorecard--Measures that drive performance. *Harvard Business Review*, 70, 71-79.
- Kaplan, R. S. & Norton, D. P. (1996). Using the balanced scorecard as a strategic management system. *Harvard Business Review*, 74, 75-76.
- Kaplan, R. S. & Norton, D. P. (2004). *Strategy maps: Converting intangible assets into tangible outcomes*. Boston: Harvard Business School Press.
- Kaplan, R. S. & Norton, D. P. (2006). Transforming the *Balanced Scorecard* from Performance Measurement to Strategic Management: Part 1. *Accounting Horizons*, 15, 1, 87-104.
- Lindell, M. K. & Whitney, D. J. (2001). "Accounting for common method variance in cross-sectional research designs." *Journal of Applied Psychology*, 86, 1, 114-121.
- Malone, P. F. & Fry, L. W. (2003). *Transforming schools through spiritual leadership: A field experiment*. Paper presented at the Academy of Management, Seattle, WA.
- Matherly, L. L., Fry, L. W., & Ouimret, R. (2005). *A strategic scorecard model of performance excellence through spiritual leadership*. Paper presented at the national meeting of the Academy of Management, Honolulu, Hawaii.
- Mitroff, I. I., & Denton, E. A. (1999). *A spiritual audit of corporate America: A hard look at spirituality, religion, & values in the workplace*. San Francisco, CA: Jossey-Bass.
- Nyhan, R. C. (2000). Changing the paradigm: trust and its role in public sector organizations. *American Review of Public Administration*, 30(1). 87-109.
- Podsakoff, P.M., MacKenzie, S.B., Podsakoff, N.P., & Lee, J.Y. (2003a). Common Method bias in behavioral research: A critical review of the literature and recommended results. *Journal of Applied Psychology*, 88, 5, 879-903.

- Podsakoff, P. M., MacKenzie, S. B., Podsakoff, N. P., & Lee, J. Y. (2003b). The mismeasure of man(agement) and its implications for leadership research. *The Leadership Quarterly*, 14, 615-656.
- Reave, L. (2005). Spiritual values and practices related to leadership effectiveness. *The Leadership Quarterly*, 16,5, 655-688.
- Ryff, C. D., & Singer, B. (2001). From social structure to biology: Integrative science in pursuit of human health and well-being. In C. R. Snyder & S. J. Lopez (Eds.), *Handbook of positive psychology*. Oxford, New York: Oxford University Press.
- Snyder, C. R. & Lopez S. J., (Eds.). (2001). *Handbook of positive psychology*. Oxford, New York: Oxford University Press.
- Zinnbauer, B. J., Pargament, K. I., & Scott, A. B. (1999). The emerging meanings of religiousness and spirituality: Problems and prospects. *Journal of Personality*, 67, 889-919.

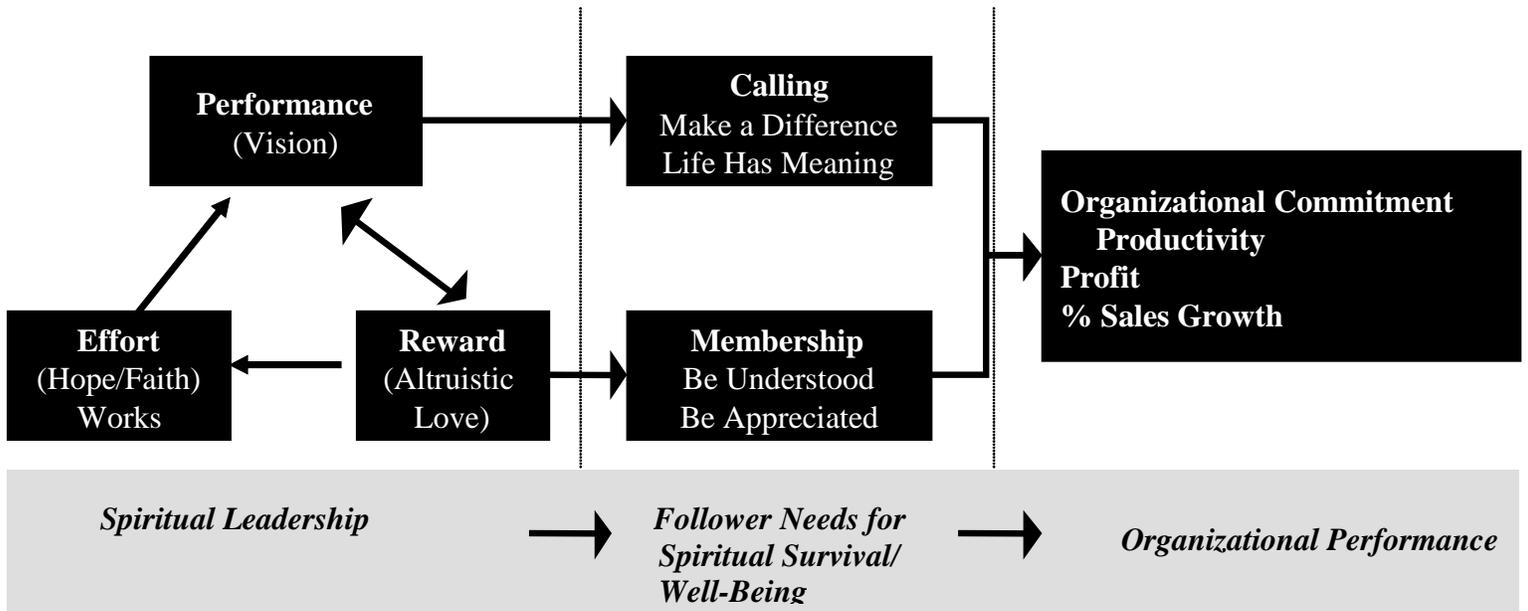


Figure 1. Causal model of spiritual leadership as a driver of organizational commitment, productivity, profits, and sales growth

Table 1

SLT survey questions

Vision – describes the organization’s journey and why we are taking it; defines who we are and what we do.

1. I understand and am committed to my organization’s vision.
2. My workgroup has a vision statement that brings out the best in me.
3. My organization’s vision inspires my best performance.
4. I have faith in my organization’s vision for its employees.
5. My organization’s vision is clear and compelling to me.

Hope/Faith- the assurance of things hoped for, the conviction that the organization’s vision/ purpose/ mission will be fulfilled.

1. I have faith in my organization and I am willing to “do whatever it takes” to insure that it accomplishes its mission.
2. I persevere and exert extra effort to help my organization succeed because I have faith in what it stands for.
3. I always do my best in my work because I have faith in my organization and its leaders.
4. I set challenging goals for my work because I have faith in my organization and want us to succeed.
5. I demonstrate my faith in my organization and its mission by doing everything I can to help us succeed.

Altruistic Love - a sense of wholeness, harmony, and well-being produced through care, concern, and appreciation for both self and others.

1. My organization really cares about its people.
2. My organization is kind and considerate toward its workers, and when they are suffering, wants to do something about it.
3. The leaders in my organization “walk the walk” as well as “talk the talk”.
4. My organization is trustworthy and loyal to its employees.
5. My organization does not punish honest mistakes.
6. The leaders in my organization are honest and without false pride.
7. The leaders in my organization have the courage to stand up for their people.

Meaning/Calling - a sense that one’s life has meaning and makes a difference.

1. The work I do is very important to me.
2. My job activities are personally meaningful to me.
3. The work I do is meaningful to me.
4. The work I do makes a difference in people’s lives.

Membership - a sense that one is understood and appreciated.

1. I feel my organization understands my concerns.
2. I feel my organization appreciates me, and my work.
3. I feel highly regarded by my leadership.

4. I feel I am valued as a person in my job.
5. I feel my organization demonstrates respect for me, and my work.

Organizational Commitment - the degree of loyalty or attachment to the organization.

1. I do not feel like “part of the family” in this organization.
2. I would be very happy to spend the rest of my career with this organization.
3. I talk up this organization to my friends as a great place to work for.
4. I really feel as if my organization’s problems are my own.

Productivity - efficiency in producing results, benefits, or profits.

1. Everyone is busy in my department/grade; there is little idle time.
2. In my department, work quality is a high priority for all workers.
3. In my department, everyone gives his/her best efforts.
4. My work group is very productive.
5. My work group is very efficient in getting maximum, output from the resources (money, people, equipment, etc.) we have available.

TABLE 1
Distributor Means, Standard Deviations, and Correlations ^a

Variable	Mean	s.d	1.	2.	3.	4.	5.	6.	7.	8.	9.
1. Vision	3.90	.417	.94								
2. Altruistic Love	3.75	.471	.81	.91							
3. Hope/Faith	4.11	.324	.84	.73	.86						
4. Meaning/Calling	4.12	.296	.60	.58	.65	.86					
5. Membership	3.72	.467	.83	.84	.71	.61	.93				
6. Organizational Commitment	3.86	.418	.91	.83	.78	.60	.83	.90			
7. Productivity	3.89	.483	.653	.65	.56	.56	.63	.63	.83		
8. % Sales Growth	.0992	.3056	-.04	.20	.12	.30	.07	.05	.16	—	
9. Distributor Profit	\$2364281	\$11296999	.05	.04	.10	.07	.04	.10	-.05	-.21	—

^a n = 44; Correlations above .30 are significant at p < .05. Scale reliabilities (n=347) are on the diagonal in boldface

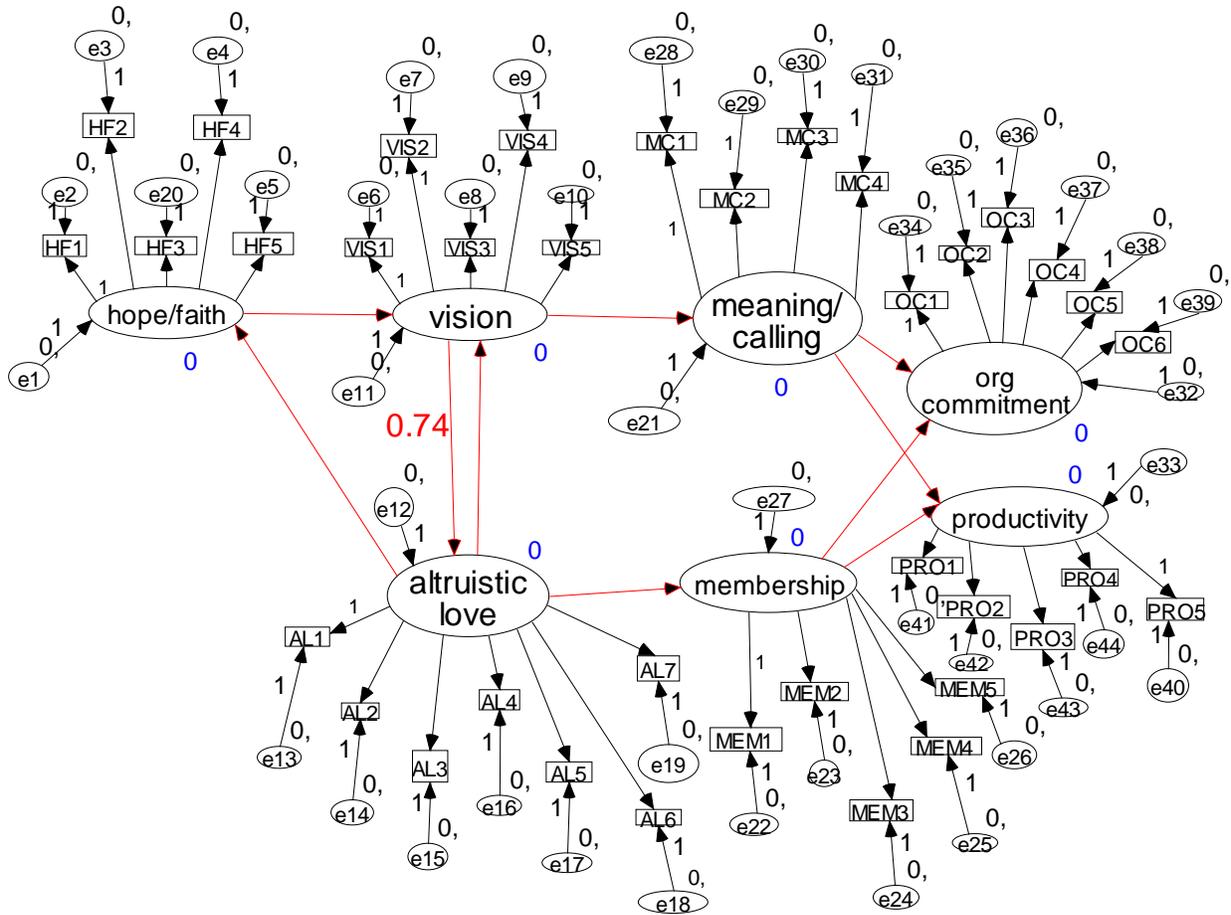


Figure 2
Structural Equation Model for individual data (n=347)

Chi Square = 2345.36 (621 df)
p = .000
NFI = .950
IFI = .963
CFI = .963

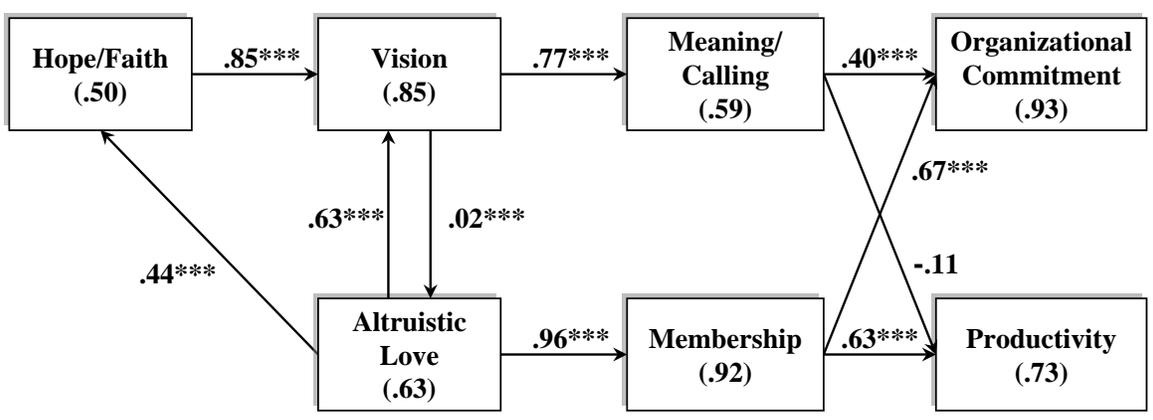


Figure 3
Results of AMOS analysis^a for individual data

^a Parameters of each latent variable are omitted for clarity.

*** p < .001; n=347.

Squared multiple correlations are in parentheses.

Betas are on arrow links.

Chi Square = 97.972 (23 df)
p = .000
NFI = .948
IFI = .959
CFI = .959

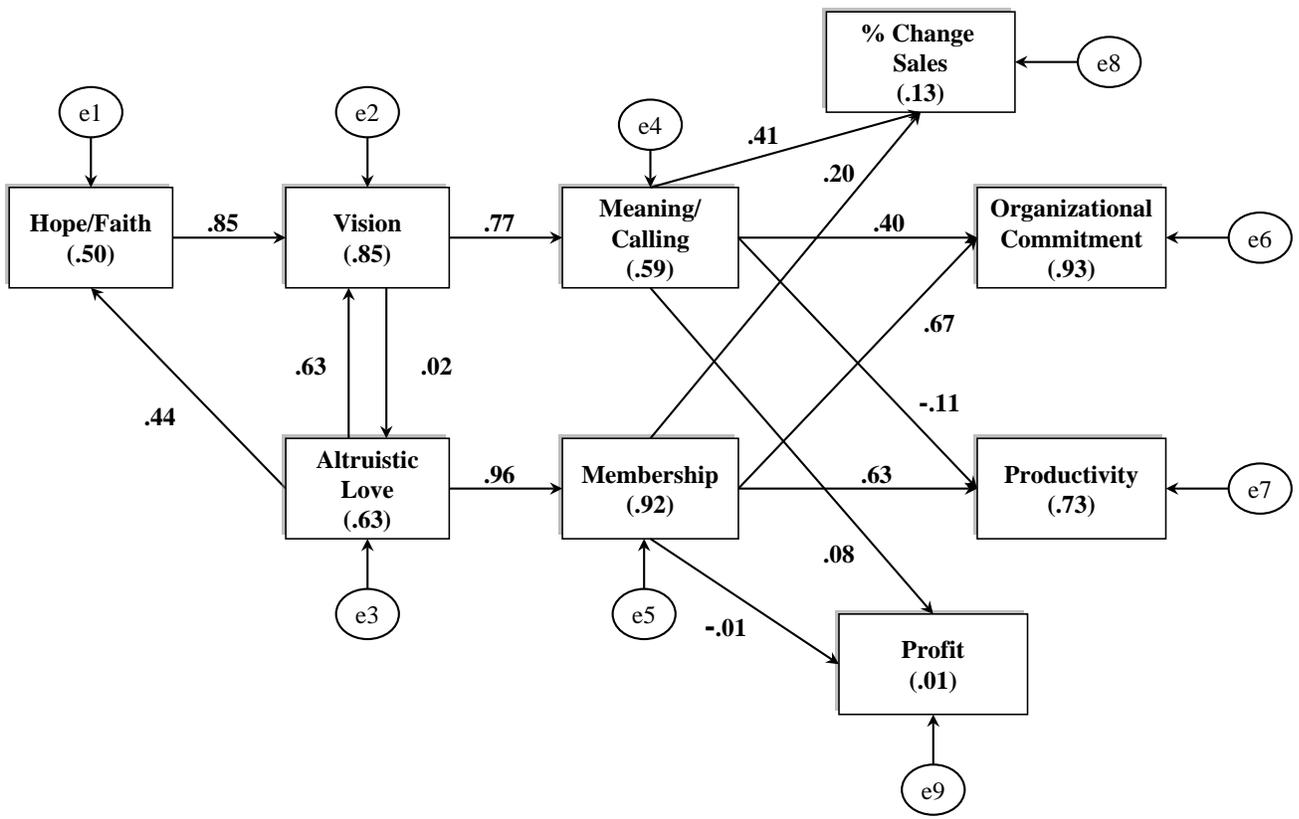


Figure 4
Results of AMOS analysis for Distributor data
n=43; Betas greater than .30 are significant at $p < .05$.
Squared multiple correlations are in parentheses.
Betas are on arrow links.