

LEADER'S SPIRITUALITY AND PSYCHOLOGICAL CAPITAL: A MODERATED MODEL

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Abstract

Leaders can be an effective source of employees' motivation to proactively respond to market dynamics and cope with the challenging demands of creativity and innovation. Employees who are better at developing psychological capital are more likely to develop the potential for such change-oriented professional demands. Scholars of positive organizational scholarship call for the further investigation of antecedents and outcomes suggesting new connections in order to develop process models for the major construct of psychological capital. Responding to this call and using the theoretical underpinning of dynamic capability this study has proposed a conceptual model suggesting predictive potential of spiritual leadership for psychological capital as a valuable organizational resource which has great motivational proclivity to develop advantageous performance outcomes. The authors further suggest Islamic work ethics of employees as an intervening variable in the capacity of a moderator with diligence and consciousness as main characteristics of Islamic Work Ethics. Hence, it is likely to contribute to the existing literature in the following ways: it addresses gap identified by a meta-analysis for exploring the formative variables for PsyCap only conceptually through its propositions; it suggests future dimensions. An empirical investigation of this study is likely to bring useful information for HR practitioners for guiding selection and recruitment decisions focusing on spiritual values of leaders, nurturing a culture of spiritual leadership and IWEs and developing employees' psychological capital.

Keywords: Spiritual leadership, psychological capital, motivation, change-orientation, Islamic work ethic

1. INTRODUCTION

Organizations are under coercive and mimetic pressures to develop the capability of market-driven management which is starkly marked by dynamism. Organizations need to be proactive to respond to these recently emerging management doctrines by addressing internal issues through change management (Vigoda-Gadot and Beeri, 2011) and in turn need such employees who can cope well with the challenging demands for creative and innovative performance (Yuan and Woodman, 2010). Major contributors from Positive Organizational Scholarship believe that employees with higher self-efficacy, optimism, hope, and resiliency are more likely to develop a skill set of such professional acumen (Luthans & Youssef, 2004;

Luthans & Youssef, 2007; Luthans et al., 2008, Luthans & Youssef, 2017). Under these circumstances organizations need employees who can compensate for these demands through self-efficacy to make result oriented efforts for meeting challenges, are optimistic enough to become successful in present and future situations, resilient consistently following pursue goals and even chose alternative ways to achieve goals. The association between performance and positive psychological capital has been established empirically (Luthans et al, 2017a). A higher employee performance positively affects psychological resources of employees and they better use these resources as a means to deal with present and future challenges. It implies that in the highly competitive business environment employees' commitment to achieve organizational goals entails a possession of these resources. In a meta-analysis, based on 51 samples, psychological capital has been found as a strong positive predictor of employee valuable attitude, behaviour and performance with a mitigating effect on negative employee behaviour which prove the importance of development of psychological capital for performance management, especially in service sector (Avey, Richrdson, Luthans, Mhatre, 2011). The extant literature establishes its "motivational propensity" for advantageous employee attitudes and behaviour and mitigating effect on adverse variables (Avlio, et al, 2007). This meta-analysis also highlights a gap pertaining to the sufficiency of evidence for the formation of this mega-construct as the "left side" of PsyCap to find important variables which can serve as antecedents in its explanatory models. This study goes to extant to suggest that leadership can be an important role in developing these resources in followers. Responding to this call, this study intends to examine the effect of spiritual leadership on PsyCap. It would help the authors to evaluate the role of leadership in its intervention capacity (Avey et al, 2011). The need for further focusing on moderating variables is also highlighted in the above mentioned study. Therefore, present study also focuses on Islamic work ethics of employees as a moderator to the proposed relationship between spiritual leadership and PsyCap; it would facilitate an understanding of the process of its development in organizations through interactive relations. Spirituality has implications for deriving meaningfulness from the performed role, thereby achieving ultimate humanistic and spiritual ends (Ashmos and Duchon, 2000). People with spiritual inclination indulge in purposeful and meaningful work and remain connected with nature (Emmons, 199 in Barron, 2017). Besides, spiritual leadership render effectiveness to conflict management and improve relational association between leaders, employees and expected performance outcomes through centrality measures (Clark, 2000; Fry & Nisiewicz 2013 in Hunsaker, 2016). Such people are more prone to connect with other fellow beings; employees with spiritual beliefs are likely to have potential to interconnect with their colleagues as a source of meaning and purposefulness of their actions (Marques et al, 2007). It is this dimension which is drawing attention of researchers towards understanding deeply different underlying mechanism though which spirituality affects organizational performance and guides individual "attitude and behaviour" (Avey, 2011). In view of this rich potential of spirituality to contribute to organizational climate, a leader's spirituality is an important phenomenon of interest for present study. Pandey, Gupta & Arora (2009) believe that a leader's spirituality is likely to create a spiritual climate which would make actors work in harmony with each other and transform their behaviour into socially responsible behaviour. Extant literature gives empirical evidence of this affect dimension of spirituality (Stead and Stead, 2014) on individual as well as organizational level (Pawar. 2009). Drawing from psychological resource theory (Hobfoll, 2002) and spiritual leadership theory (Fry, 2003, 2005). Taking individual approach of spirituality will help to understand how spirituality of a leader functions as a facilitator or impediment to the sub-ordinate's experiencing a "spiritual experience" (Neck & Milliman, 1994) which in turn is likely to develop and boost PsyCap in subordinates. It would enable researchers explore how spirituality of leadership as an organizational feature affects the transformation of subordinates regarding PsyCap.

Based on the review of relevant literature, this study will propose that spiritual leadership is likely to influence followers' PsyCap. This direct relationship is proposed to be dependent for its magnitude upon the moderating effect of Islamic work ethics of workers. Hence, it is likely to contribute to the existing literature in the following ways: (a) it addresses gap identified by a meta-analysis for exploring the formative variables for PsyCap only conceptually through its propositions. It further proposes "moderating process" through "interactions" (Boxall, Gutheri and Pauuwe, 2014) of spiritual leadership and employees' Islamic work ethics as affecting the development of PsyCap among workers. An empritcal investigation of this study is likely to bring useful information for HR practitioners for guiding selection and recruitment decisions focusing on spiritual values of leaders, nurturing a culture of spiritual leadership and IWEs and developing employees' psychological capital. These findings may contribute to the process of building of PsyCap and explore some implications for HRD and performance management (Avey et. al, 2011).

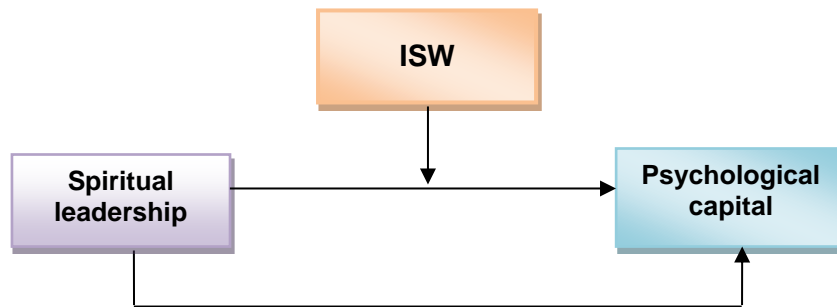


Figure1

2. PROPOSITION DEVELOPMENT

This section deals with proposition development with support from existing literature review.

2.1. Spiritual Leadership and Psychological capital

The emerging concept of Spiritual leadership involves inspiring and motivating people through strong conviction and establishes a corporate culture which aims to produce highly motivated, dedicated and prolific people/team. The concept of spiritual leadership has now been surfaced into the new world. For the spiritual survival of both; leaders and follower it has now become an essential element through which they become more efficient and be utilized more productively (Fry, 2003). In general, such leaders apply the spiritual value and beliefs in the work place to produce committed and dedicated work force.

Comparatively to the position empowerment, spiritual leadership is more focused on employees, concerned with employees' transformation; instead of controlling it focuses on team work, employee encouragement and motivation. In this changing world work place is where people socialize themselves by making friends and try to find a sense of dealing with various routine activities and learn how to fit the same in individuals' life. The concept of workplace spirituality has been discussed in a detailed way in literature (see Sendjaya, 2015). This quest has demonstrated that spirituality in both i.e at work place and in leadership is highly desirable. A spiritual climate will be indicative of spiritual leadership (Husaker, 2016). Studies from Turkey, Pakistan, China and South Korea empirically prove the reliability of this construct (Hunsaker, 2016).

For organizational revolution spiritual leadership theory is fundamental which generates a consciousness and creates a learning organization. Fry (2005) extended spiritual leadership theory by studying wellbeing in light of character ethics, psychology; recent development of this construct is as workplace spirituality. Afterwards he suggested that all these elements are necessary to affect healthy work force and wellbeing.

Spiritual leadership functions through hope/faith, vision, and altruistic love, leads to achieve spiritual well-being, measurable through meaning/ calling and membership, which in turn is likely to positive individual and organizational outcomes (Benefiel, Fry and Giegel, 2012).

The development of theory of spiritual leadership is based on motivation model with second order sub-constructs of vision, selfless love, belief and spiritual survival (Fry, 2003, 2005). In various studies leadership effectiveness has been measured in various ways; by the individual's evaluations from followers, groups, peers, supervisors etc. A wider spectrum of leadership involve both of the aspects i.e effects of leaders on followers and goals. Spirituality leadership is valued for its empirically proven role in determining spiritual wellbeing of employees though more evidence for this relationship is still called for (Benefiel, Fry and Giegel, 2014). One of such wellbeing is suggested to be organizational outcomes of employees' PsyCap. It is hypothesized that such practices allow experiencing greater psychological well-being and comparatively physical health problems are rare (Fry, 2003). On the basis of above review, it is argued that:

Proposition 1:

Spiritual leadership has significant relationship with subordinates' Psychological capital

2.2. Employees Islamic Work Ethics as a moderator

The need for nurturing a sense of "socio-humanistic responsibility" in organizations has been highlighted (Ericsson, 1970 in Hasan and Yazdani, 2014) as a result of dissatisfaction with the relevance of organizational theory and its available constructs to solve ethical dilemmas in modern organizations (Hasan and Yazdani, 2014). Studies on ethics in the West revolve around Weber's theory of PWE (Protestant Work

Ethics) or Kohlberg's (1981) cognitive moral development model. Ethics are believed to be embedded in religious values (Othman et al., 2004). Islamic work ethics as HR practices are given the similar status by Marrie, et al, 2012 (cited by Khan and Rasheed, 2015). However, it is important to note that Islamic Work Ethics (IWE) are drawn from religious values of Islam. Islam with its message of peace guides the practices of believers with a sense of accountability for all actions to the Creator Almighty. Islam introduces a comprehensive system of regulations which are rooted in Islamic ethics. IWE guides the interactive practices of followers (Syed and Ali, 2010). It carries the implication that IWEs have positive association with work place practices and routines. Recently, research on IWE is substantially undertaken by researchers. Javed, Bashir, Rawaas, and Arjoon (2017) focus on IWE as predictor of adaptive performance. Yousaf (2001) has studied the relationship between IWE and organizational commitment and change management. Ahmed (2011) investigated relationship between IWE and turnover intention. Khan, Abbas, Gul and Raja (2015) have studied IWE as a moderating factor in the relationship between organizational justice and job outcomes (job-satisfaction, job involvement and turnover intentions).

Islamic work ethics are rooted in divine code of Islam and become distinguished from applied business ethics discipline. It gives an intrinsic motivation to professionals and determines their moral character. Religious roots of ethics imply that individuals derive extrinsic motivation from a code of behaviour – ethics - defined by a religion. Employees with ethical values are likely to avoid compromising organizational interests (Schwartz, 1992). In case of ISW, the ethical origin of professional code of behaviour is rooted in religion – Quran and Sunnah. It shapes the individual morality of believers and work values and provide intrinsic motivation (Parboteah, 2009) for choosing the right and giving up the wrong practices at work (Kalemci, & Tuzun, 2017). IWE guides the attitude of believers to view livelihood as a noble deed (Ahmed and Owoyemi, 2012).

Studies focusing on the influence on employees' behaviour are gradually coming up with substantial empirical and conceptual contributions about the micro level relationship between, religion, values, actions and behaviour (Schwepker, 2001 in Kashif, Zarkadah and Ramayah, 2016). Ethical leadership has been studied as a contextual factor which moderates the relationship between Islamic work ethics and innovative work behaviour (Javed Bashir, Arwaas and Arjoon, 2017). This study has been conducted from the attachment theory perspective following Popper and Mayseless (2003) where leaders encourage employees to be innovative and provide them support in providing required resources.

Leadership's spirituality and ethical behaviour has been studied as an antecedent to employees' ethical behaviour (Kashif et al, 2016). The effectiveness of spiritual leadership has been empirically tested for yielding organizational commitment (Dargahi, Nasrollahzaedeh & Rahmani, (2017). In the same stream, present study brings newness by focusing on relationship between spiritual leadership and positive psychological capital. It is further argued that employees' with IWEs act as an external/ contextual factor are likely to affect the relationship between spiritual leadership and positive psychological capital behaviour. The independent / external factor capacity of employees with IWEs is derived from *self-leadership* perspective. It implies that an organization where ethical leadership, as a distinguished cultural proxy, establishes an ethical corporate culture, employees IWEs will have a multiplier effect on Psycap. Organizations that can successfully incorporate work ethics derived from religion and spirituality in corporate culture are likely to ensure superior moral self-authority among employees and augment the work passion as a means of respectfully earning livelihood and thereby becoming the Creator's beloved (see Abu Dawud).

Sehhat, Ashena & Parsa (2015) have provided evidence for a positive significant relationship between work ethics and PsyCap while Uysa (1996); Yousef (2001) proved positive direct relationship between work ethics and Psycap. Therefore, in the present study, it is argued that the interaction of IWE with leader's spirituality can augment this relationship:

Proposition 2: Employees Islamic work ethics will moderate the relationship between spiritual leadership and psychological capital.

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