THE INFLUENCE OF SPIRITUAL LEADERSHIP ON INTENTION TO LEAVE OF THE EMPLOYEES. A MEDIATING ROLE OF JOB SATISFACTION AND SPIRITUAL WELL-BEING

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Abstract: *This cross-sectional quantitative study was conducted to investigate the influence of spiritual leadership on intention to leave and the mediating role of spiritual well-being and job satisfaction of 160 employees of the shipping agency companies in the East Coast of Peninsular Malaysia. A numeration of the entire population (census) was adopted to collect data. Hypotheses testing were conducted using a PLS-SEM approach. Findings revealed significant negative influence of spiritual leadership on intention to leave, and job satisfaction was found partially mediated the relationship between spiritual leadership and intention to leave, but there was no mediation of spiritual well-being on intention to leave. The results of this study have made a significant contribution to fill a gap in the body of knowledge in the spiritual leadership studies.*

Keywords: *Spiritual leadership, spiritual well-being, Job satisfaction, Intention to Leave.*

1. BACKGROUND OF THE STUDY

Studies have proved that increasing attrition rates, high levels stress and burn-outs are among the major indicators of degrading productivity of employees and believed due to the nature of leadership and disposition of employees such as their levels of spiritual intelligence (Mehta and Srishti, 2010). Negative organizational outcomes surely affect the performance of organisations. The productivity of the employees decreased as a result of declined personal well-being, more stress, poorer mental health, increased absences from work, and decreased satisfaction with life and work (Duxbury and Higgins, 2002). Besides a decreased of productivity, many dissatisfied employees resort to quit their job and turnover costs further shrink the organization's profit. Kyle (2005) states that turnover rates for the 19th and 20th century exceeded 300% for some organizations. In the United

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States, employee turnover is on the rise where nearly 59 million employees left their jobs in 2015 (Catalyst, 2016). Employees' turnover is influenced significantly by the treatment from the leaders (Udechukwu, 2009). The effectiveness of the leaders has been proven to be related with their spiritual values and practices (Reave, 2005). Leaders' negative impact results in employees' dissatisfaction, a decrease in commitment, performance, and productivity (Udechukwu, 2009) and finally, seeing the employees leaving the organisations. The issues in spirituality and its impact on organizational leadership and employees have become common topics in current trend of spirituality studies (Giacalone and Jurkiewicz, 2003). Empirical evidence demonstrating a relationship between spirit at work and positive individual and organizational outcomes is beginning to emerge (Kinjerski, 2004). However, there is little study to relate the spirituality aspects of the leaders and employees and intention to leave. Specifically, there is no study conducted to explore the influence of spiritual leadership on intention to quit and the mediating role of spiritual well-being and job satisfaction. This current research study was done with the purpose to contribute to the growing literature on the influence of leaders' spiritual leadership on employees' outcomes.

2. LITERATURE REVIEW AND HYPOTHESES

Fry *et. al.*(2005) defined spiritual leadership 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". Spiritual leadership is a predictor of employee commitment, psychological and spiritual well-being and positive human health (Fry, Matherly and Ouimet, 2010). A study by Fry *et. al.*(2011) revealed a positive and significant relationship between spiritual leadership and spiritual well-being; and spiritual well-being mediated the relationship between spiritual leadership and organization commitment.

Fry *et. al.*(2005) defined spiritual well-being as a "self-perceived state of the degree to which one feels a sense of purpose and direction" and meaning. Klerk (2005) said a sense of meaning should have a direct effect on employees' well-being in organizations. Hence, it appears that an individual's desire for meaningful work, connection to others, and pursuit of the greater good, may influence job satisfaction or work wellness. Evidence indicates that job satisfaction is strongly and consistently related to subjective well-being (Judge and Klinger, 2004).

Job dissatisfaction has been singled out as the most important reason people leave their job (Sturges and Guest, 2001). However, the actual aspects of job satisfaction that caused people to leave their job depend on the circumstances around the people's experience in the organisation. Turnover intentions are the thoughts of the employee regarding voluntarily leaving the organization (Whitman, 1999). Dupre and Day (2007) asserted that factors associated with supportive

management of employees were negatively related to turnover intention through the mediating effect of job satisfaction. Similarly, Alexandrov, Babakus and Yavas (2007) argued that employees' perception of management concern for both employees and customers has a significant influence on turnover intention. While, Hong (2002) confirmed a positive effect of perceived workplace spirituality on job satisfaction, and negative effect on turnover intention and emotional exhaustion.

Based on the reviewed literature, the following hypotheses were presented as follows:

**H₁:** There is a significant negative influence of spiritual leadership on intention to leave.

H₂: There is a significant negative influence of job satisfaction on intention to leave;

H₃: There is a significant negative influence of spiritual well-being on intention to leave.

H₄: Job satisfaction mediates the influence of spiritual leadership on intention to leave.

H₅: Spiritual well-being mediates the influence of spiritual leadership on intention to leave.

The proposed model of this study conceptualizes the relationship between spiritual leadership, spiritual wellbeing, job satisfaction and intention to leave as shown in Figure 1.
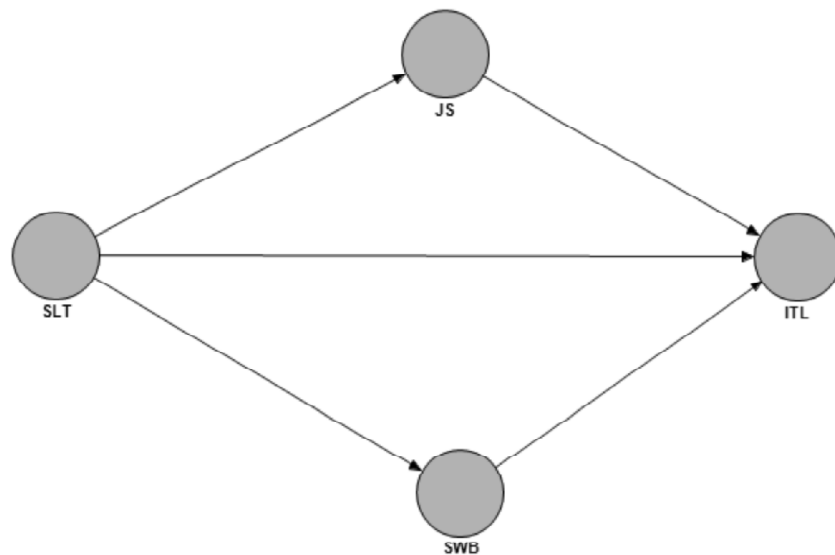
Figure 1: Conceptual Framework and hypotheses

3. METHODOLOGY

A quantitative approach was adopted to examine the relationship between spiritual leadership, spiritual well-being, job satisfaction and intention to leave of 160 employees of the shipping agency companies in the East Coast of Peninsular Malaysia. The study conducted a numeration of the entire population (census) to collect data, and three data collection instruments were utilised for the study:

1. Spiritual Leadership scale (SLT) developed by Fry, *et. al.*(2005) to measure spiritual leadership and spiritual well-being;

2. Abridged Job In General (aJIG) developed by Russel, *et. al.*(2004) to measure job satisfaction and

3. Turnover Intention (Jaramillo *et. al.* 2009). Demographic questionnaires were also created to obtain personal information of the respondents. All the instruments were combined to form a single survey instrument for this study. 160 questionnaires were distributed to the respective companies through a drop–and-collect survey (DCS) method and 106 questionnaires were returned constituted a 66.3% returned rate.

4. ANALYSIS AND RESULTS

Statistical Package for Social Sciences (SPSS) was used for the descriptive analyses of the respondents. The result of the demographic analysis is presented in table 1.

The Partial Least Square – Structural Equation Modelling (PLS-SEM) software, Smart PLS software package 2.0 M3 was used for the inferential analyses of the collected data in this study. Based on the partial nature of the PLS algorithm, PLS requires a relatively small sample size (Marcoulides *et. al.* 2009). Chin (1998) suggested minimum sample of ten times the number of predictors for a dependent variable that includes the largest number of indicators. Thus, the number of valid samples in this research, 106, is sufûcient to use PLS and in turn, to obtain reliable results. PLS-SEM employs a two stages of data analysis to test the proposed model:

1. measurement model and

2. structural model estimations.

A. Results for the Measurement Model

The measurement model was evaluated by assessing the convergent validity, which is measured by loading, the average variance extracted (AVE) and the composite reliability (CR) result. The results revealed good items loading above the recommended threshold (0.5) by Hair, *et. al.* (2006). The items which showed lower than 0.5 were dropped. Composite reliability (CR) for all constructs exceeds the

Table 1
Demographic analysis

Demographics features	Frequency	Percent
Gender		
Male	78	73.6
Female	28	26.4
Total	106	100.0
Age		
Below 25	18	17.0
25 - 35	39	36.8
35 - 45	18	17.0
45 - 55	28	6.4
Over 55 years	3	2.8
Total	106	100
Education		
High school/Certificate	44	41.5
Diploma	26	24.5
Bachelor's degree	27	25.5
Master's degree	9	8.5
Total	106	100
Job type		
Operation/Shift	49	46.2
Office administration	42	39.6
Others	15	14.2
Total	106	100
Period with organisation		
Less than a year	27	25.5
1-3 years	21	19.8
3-6 years	20	18.9
6-10 years	8	7.5
Over 10 years	30	28.3
Total	106	100
Period with leader		
Less than a year	32	30.2
1-3 years	31	29.2
3-6 years	18	17.0
6-10 years	4	3.8
Over 10 years	21	19.8
Total	106	100

minimum threshold of 0.7. The result of the average variance extracted (AVE) indicates a value above 0.5 recommended threshold (Hair, *et. al.*, 2006). Table 2 showed the items loadings, AVE, CR, and R-Square.

Table 2
Summary of Constructs Items Loadings, AVE, CR, and R-Square

Construct	Dimension	Indicator	Loadings	CR	AVE	R^2
Spiritual Leadership	Vision			0.8676	0.6211	
		Vision_2	0.7675			
		Vision_3	0.7914			
		Vision_4	0.8179			
		Vision_5	0.7746			
	Hope/Faith			0.879	0.6457	
		Hope_1	0.8041			
		Hope_2	0.8717			
		Hope_3	0.7981			
		Hope_5	0.7345			
	Altruistic love			0.9117	0.6329	
		Altru_love1	0.7872			
		Altru_love2	0.7666			
		Altru_love3	0.7852			
		Altru_love4	0.8522			
		Altru_love6	0.774			
		Altru_love7	0.8054			
Spiritual Well-being	Meaning/Calling			0.9451	0.8516	0.5312
		Mean_call1	0.9049			
		Mean_call2	0.9348			
		Mean_call3	0.9285			
	Membership			0.914	0.6803	
		Member_1	0.7854			
		Member_2	0.8414			
		Member_3	0.8277			
		Member_4	0.8125			
		Member_5	0.8552			
Job satisfaction				0.8615	0.6753	0.1552
		JIG5	0.7579			
		JIG6	0.8393			
		JIG7	0.8643			
Intention to Leave				0.901	0.6959	0.3209
		ITL_1	0.7474			
		ITL_2	0.8684			
		ITL_3	0.9056			
		ITL_4	0.8067			

In order to test the constructs' convergent and discriminant validity, Zainudin (2014) states that the correlation between construct must be lower than 0.85 and also must be lower than the square root of AVE to establish a discriminant validity of the construct. A comparison of the correlation with the square root of AVE indicates that the correlation between constructs is less than the square root of AVE. Therefore the results supported adequate convergent and discriminant validity of the constructs in the model as shown in table 3.

B. Results for the Structural Model and Hypotheses

A satisfactory evaluation of the structural model in PLS must consist of three indexes including squared multiple correlations (R^2), path coefficients, and *t*-value (Mokhber *et. al.* (2015). R^2 will be calculated for the dependent latent variable. Threshold value of 0.25, 0.5 and 0.7 are often used to describe a weak, moderate, and strong coefficient of determination (Hair *et. al.*, 2013). If certain model path inner structure explain an endogenous latent variable by only a few latent exogenous variable (one or two), a moderate R^2 is acceptable (Henseler *et. al.*, 2009). In this study, R^2 for intention to leave was a moderate 0.3209, which meant that spiritual leadership, job satisfaction and spiritual well-being jointly explained about 32% of variance of intention to leave.

Another indicator for evaluation is the path coefficients of the constructs. Chin (2010) indicates that to demonstrate meaningful predictive power of a PLS model, standardized paths need to be close to 0.20 or higher to indicate that the model has meaningful predictive power. Finally, *T*-values are obtained through the bootstrap routine and must be more than 1.96 (Chin, 1998). Thus, based on the results of R^2, the path coefficient and t-value, we concluded that our overall model has excellent predictive power.

Table 3
Latent variable inter-correlation, and square root of AVE for assessing convergent and discriminant

Constructs	AL	HF	ITL	JS	MBR	MC	SWB	VSN
AL	0.7955							
HF	0.5676	0.8035						
ITL	–0.4379	–0.2779	0.8342					
JS	0.3874	0.2524	–0.4824	0.8217				
MBR	0.7617	0.5218	–0.3766	0.4583	0.8248			
MC	0.1087	0.3948	0.0220	0.2569	0.2627	0.9228		
VSN	0.5962	0.6161	–0.3639	0.3211	0.5530	0.3489	0.5909	0.7880

Note: The diagonal elements (in bold) are the square root of Average Variance Extracted. Other non-diagonal elements are latent variable correlations
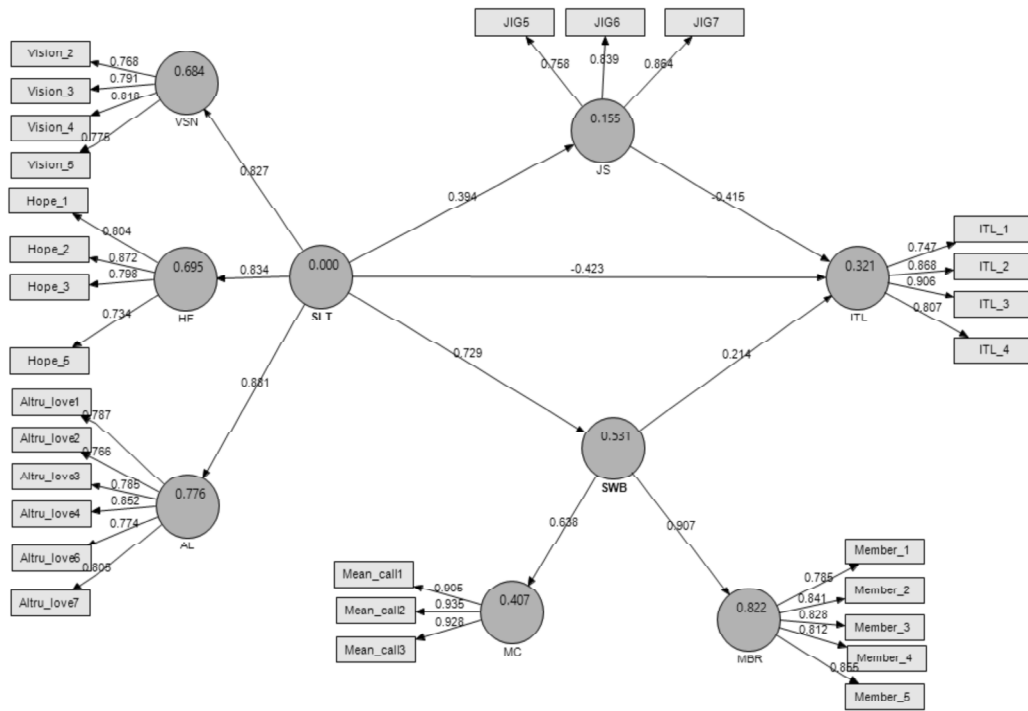
Figure 2: PLS SEM results

Hypothesis testing was conducted to analyse the cause-effect relationships (causality) among the variables in the model based on *t*-stat value. *T*-values are obtained through the bootstrap routine and must be more than 1.96 (Chin, 1998). If t-stat values higher than 1.96 (sig. 5% two-tailed), the relationship is significant. Hypothesis 1-3 were supported as shown in table 5.

For hypothesis 4 and 5, the mediation effect of job satisfaction and spiritual well-being in the influence of leaders spiritual leadership on turnover intention, were tested in the mediation model using a bootstrapping method as suggested by MacKinnon *et. al.* (2002). In conducting a bootstrap to test mediation effect; firstly, a bootstrap test was conducted on a simple model of direct effect of spiritual leadership on intention to leave resulted in a β of –0.4289 and R^2 of 0.184 and *t*-value of 4.911.

Indirect effects are significant if the 95% confidence intervals do not include zero (Shrout and Bolger, 2002). A bootstrap test for the mediation model (including job satisfaction and spiritual well-being) resulted in a 95% confidence interval of –0.24 ~ –0.09, and *t*-value of 4.10, reflecting a significant indirect effect of job satisfaction in the relationship between spiritual leadership and intention to leave. A direct effect of spiritual leadership and intention to leave in the mediation model

also significant with a *t*-value of 2.70. Therefore, job satisfaction acts as a partial mediator in the relationship between spiritual leadership and intention to leave, and hypothesis 4 was supported. For hypothesis 5, spiritual well-being does not mediate the relationship between spiritual leadership and intention to leave (*t*-value: 1.53, a 95% confidence interval of –0.04 ~ 0.35, as shown in table 4.

Table 4
Bootstrapping results

Simple model	Path Co.				t-value	Bootstrapped Confidence Interval		Results
SLT $\Rightarrow$ ITL	–0.4289				4.911			Significant
Mediation model	Path a	Path b	Indirect Effect	SE	t–value	95% LL	95% UL	
SLT $\Rightarrow$ ITL	–0.4038				2.70*			Significant
SWB $\Rightarrow$ ITL	0.1975				1.34			Not Significant
SLT $\Rightarrow$ JS $\Rightarrow$ ITL (H4)	0.39	–0.42	–0.16	0.04	–4.10*	–0.24	–0.09	Partial Mediation
SLT $\Rightarrow$ SW $\Rightarrow$ ITL (H5)	0.73	0.21	0.15	0.10	1.53	–0.04	0.35	No mediation

* $t >= 1.96$ at $P < 0.05$ level

Table 5
Summary of hypotheses testing

Path		Path Co-efficient	T- Statistics	Hypothesis Testing
SLT –> JS	(H1)	0.394	5.20	Supported
JS –> ITL	(H2)	–0.415	6.04	Supported
SLT –> ITL	(H3)	–0.423	3.02	Supported
SLT –> SWB	(H4)	0.729	11.58	Supported
SWB –> ITL	(H5)	0.214	1.59	Not Supported

4. CONCLUSION

This study provides empirical evidence to support theoretical models that link spiritual leadership with employees' outcomes such as spiritual well-being, job satisfaction and intention to leave, and contributes to the growing literature on the influence of leaders' spiritual leadership on employees' outcomes. Leaders having the appropriate spiritual qualities have the potential to impact the changes in the organisations in a positive manner. The results of this study have made a significant contribution to fill a gap in the body of knowledge in the spiritual leadership studies. Nevertheless, the results of this cross-sectional study must be treated with caution as causality can be determined only through experimental design approaches (Grimm and Yarnold, 2000). A longitudinal study design

approach should be conducted to improve understanding on the causation aspects of the study variables. The perceived leader's spiritual leadership may have a profound impact on the employees spiritual well-being, job satisfaction and intention to leave. This study has provides empirical support to reiterate the ability of leaders spiritual leadership to inspire and motivate the employees by improving their spiritual well-being and positively impact their job satisfaction and reduce the intention to leave of the employees.

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