

MAL 650 Thesis Paper

Utilizing Transformational and Spiritual Leadership Theory to Raise Employee  
Engagement

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**Introduction**

Employee engagement is critical to high performing organizations. Employee engagement starts with the leader. Therefore, a plan to increase employee engagement must start with the leadership team. The purpose of this paper is to examine two comparative leadership theories; transformational leadership and spiritual leadership, and hypothesizes that these two theories have the highest contributing factor to creating employee engagement. This paper will also expand upon the importance of employee engagement and how it contributes to a high performing organization.

## **Employee Engagement**

Employee engagement has been written about widely in the past near two decades in management and human resources literature. Within the field of management, Kahn (1990) is generally credited with the first definition of the term engagement. Using a similar focus, Shuck and Wollard developed a definition of employee engagement specifically for the field of Human Resources Development: “an individual employee’s cognitive, emotional, and behavioral state directed toward desired organizational outcomes” (Song, Kolb, Lee & Kim, 2012).

Employee engagement may be the defining factor that determines the success or failure of an organization. A vast majority of employees say they are disengaged or not engaged, creating an unproductive, or worse, toxic work environment (Fox, 2010). The August, 2009 Gallup Employee Engagement Index reported that only 33 percent of workers are engaged in their jobs, 49 percent are not engaged, and 18 percent are actively disengaged. In this rapid cycle economy, business leaders know that having a high performing workforce is essential for growth and survival. Organizations are moving past the idea of employee “satisfaction” and into the idea of “engagement.” The terms employee satisfaction and employee engagement are not interchangeable. Employees can be quite satisfied with their job, the company, and their place in it without ever engaging in the work. Engaged employees, on the other hand, are passionate and alive with the desire to perform well and do so in alignment with the strategic objectives of the organization (Irvine, 2010).

Much research has been conducted to link levels of employee engagement to organizational performance. For example, Gallup research has shown that organizations with world class engagement have 3.9 times the earnings per share growth rate compared to organizations with lower engagement in their same industry.

While most executives see a clear need to improve employee engagement, many have yet to develop tangible ways to tackle this goal. To accomplish this, we need to look at the most impactful employee engagement drivers as outlined by Harvard Business Review (2010) and Gallup Research ([www.slideshare.com](http://www.slideshare.com)):

- Employees know what is expected of them
- Employees have the equipment and materials needed to perform their work
- Employees have the opportunity to do what they do best
- Employees receive recognition or praise at least one time per week
- Assessments and performance reviews aligned with corporate goals
- Relationship with immediate supervisor
- Belief in senior leadership
- Being treated with respect/organization cares how employee feels
- Employee is cared about as a person
- Employee development is encouraged
- Employee feels their job is important to the company

There is only one common denominator that can affect every driver listed above, and that is leadership. The purpose of leadership is to excite others to exceptional performance (Brunone, 2013). Leadership and engagement are two sides of the same

coin. It is clear that a “caring” manager is one of the key elements that drive employee engagement. That is, employees want their managers to take an interest in them as people, to care about how they feel and support their health and well-being. A leader must have the ability to build strong relationships with employees, build strong team interaction and lead in a “person-centered” way to create an engaging environment in which employees can perform at the highest possible level. The list is clear in what is needed, but what is rarely addressed is how these drivers are successfully achieved. This is where the type of leadership becomes critical. Transformational coupled with spiritual leadership answers the “how” in regards to implementing the above drivers in regards to performance and organizational goals.

In today’s employment economy, we should understand that blind loyalty to any one organization is gone. Employees are no longer considering their employment for solely the good of the organization, but the good of themselves as well. Employees today are looking for purpose and passion and to work towards their own values. Employees expect to enhance their career development and personal growth more than ever before in today’s highly turbulent and fragile organizations (Sosik, 2006). They want to work in positive environments that value the contributions they make at work and one that recognizes them for their achievements. When these can come together with organizational goals, strategies, and values, we have the optimal culture to succeed.

### **Transformational Leadership**

In the late 1970s, political scientist James MacGregor Burns defined transformational leadership as influence that “occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of

motivation and morality (Sosik, 2006). Motivation and morality are issues that society has grappled with when it comes to leadership. Transformational leadership can pave the way when it comes to displaying leadership that advocates and role models behavior according to moral and ethical principles. According to Gary Yukl (2013) the newer theories of transformational leadership are more concerned with attainment of pragmatic task objectives than with the moral elevation of followers or social reform. The ideal state of transformations leadership will incorporate both. Yukl further stated, “with transformational leadership, the followers feel trust, admiration, loyalty, and respect toward the leader, and they are motivated to do more than they originally expected to do.” In other words, it creates engagement.

### ***Traits and Behaviors of Transformational Leadership***

Some of the main differences between leadership theories are that some focus on traits while others focus on behaviors. The difference being that some leadership traits can be similar between leaders with very different results (McColl-Kennedy & Anderson, 2005). For example, Hitler, Stalin, Gandhi, and Churchill shared some of the same traits, but produced vastly different outcomes.

Transformational leaders display four important behaviors (Sosik, 2006): individualized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Idealized influence involves communicating and embedding a sense of vision and mission in followers and the followers show confidence in their leaders. In this capacity, the leader also acts as a role model, demonstrating exemplary leadership and followers observe him and do the same. Inspirational motivation involves the leader communicating and clarifying future visions by eliminating ambiguities and

clarifies the paths for followers and utilizes referent power to persuade their followers.

Intellectual stimulation creates and encourages followers to solve old problems by adopting new ways, and gives confidence to reasoning and brainstorming.

Transformational leaders incorporate individualized consideration by recognizing each person's unique potential to develop their knowledge, skills and abilities. They spend time listening, teaching, and coaching followers.

### ***Connection to Engagement***

While all behavioral components of transformational leadership contribute to employee engagement, it is particularly in the inspirational motivation that the transformational leader creates the highest levels of engagement. Inspirational motivation is used to energize followers to do more than is expected. The behavioral traits of inspirational motivation include speaking optimistically, inspiring a vision, expressing confidence and championing teamwork and high standards of performance. Leaders also go beyond their own self-interest for the good of the group (Bass, 1998).

Transformational leadership has been described as energizing emotions exhibited by leaders that ultimately encourage similar emotions in subordinates (Bass & Riggio, 2006). Employees and leaders can influence each others' mood. These influences can have an implication for the overall climate of the workplace. Bass and Riggio (2006) have stated that this can have an impact on creating positive attitudes among employees and provide emotional encouragement. Further research by Bass reported a positive impact on several organizational performance improvement factors, including employee engagement. Recent doctoral studies (Hoon Song, et al., 2012) examined the relationship between transformational leadership and work engagement. Results indicated that



transformational leadership has strong links between followers' engagement, vigor, absorption, and intrinsic motivation.

Transformational leadership can motivate and inspire, but on its own is not enough to create the pinnacle state of high employee engagement. Transformational leadership's mainstay is to motivate to reach *organizational* goals. Today, as mentioned above, people are looking for more.

### **Spiritual Leadership**

According to Fry et al. (2005), spiritual leadership refers to the establishment of a learning organization through the use of employees' *inner* motivation. Further, spiritual leadership causes employees to recognize the meaning of their work and the call of mission, feel that they can make a difference, and feel understood and appreciated in their work. Spiritual leadership helps employees transcend the view of work as an exchange of benefits, and instead realize that they are working for their own inner values and sense of meaning (Reave, 2005).

There is a crisis of a search for meaning in America (Fairholm, 1997). People are searching for significance in what they do, the products they produce, and the services they offer. In many cases, where we work and spend most of our waking hours, provides the focus of our life and a measure of personal success. For some, it is replacing family, friends, and other social groups. But today, we find the typical work organization divided, compartmentalized, and fragmented leaving the workers not wanting to attach themselves to their work anymore, fearful that they will be caught in the next wave of downsizing or restructuring. Employees are alienated rather than bonded to their jobs (Fairholm, 1997). We are in need of spiritual leaders to engage the current workforce.

Spiritual leaders have a belief in the value of what they do, *their* vision and mission of leading for the good of the followers, not just the good of the organization. The spiritual leader finds that no matter what work we do, it can be done with heart and spirit.

The term spirituality is not synonymous with religion as they have different meanings. Spirituality speaks to a common human condition, while religion refers to the polity, practices, and creeds of a particular denomination or faith (Phipps, 2011). Spirituality refers to the inner values of the leader and the followers. Spirituality in organizations refers to the principles, qualities and influences that we exhibit in our behavior and interactions with other people.

Spiritual leadership theory is classified as an authentic leadership style. Authentic leadership theorists, Avolio and Gardner (2005), assert that the values and beliefs of authentic leaders will influence their leadership at the dyadic, group, and organizational levels. This influence will lead to higher engagement.

### ***Traits and Behaviors of Spiritual Leadership***

Spiritual leaders increase mutual appreciation, affection, and trust among members of the organization (Yukl, 2013). To reach a state of spiritual leadership, there are three areas of behavioral traits to incorporate: Vision, Altruistic Love, and Hope/Faith ([www.spiritualleadership.com](http://www.spiritualleadership.com)). Vision refers to a picture of the future with some implicit or explicit commentary on why people should strive to create that future. Vision entails creating a broad appeal to all stakeholders, defining the journey and destination, reflects high ideals, and establishes standards of excellence. Altruistic love, in regards to spiritual leadership, is defined as a sense of wholeness, harmony, and well-being produced through care, concern, and appreciation for both self and others. To achieve altruistic

love, the spiritual leader must instill trust and loyalty, forgiveness and acceptance, integrity, courage, humility, kindness and compassion. Hope and faith is based on values, attitudes, and behaviors that demonstrate absolute certainty and trust that what is desired and expected will come to pass. To encourage hope and faith the leader must demonstrate and model endurance, perseverance, doing what it takes, give stretch goals, and demonstrate excellence.

Subconsciously, and on a very tangible level, employees think about those with and for whom they labor for many hours each day (Fairholm, 1997). They decide whether their co-workers and leaders are worth the investment of their energy. Spirituality defines our efforts. Spirituality makes us more passionate about our work and that passion becomes clear to followers.

### ***Connection to Engagement***

Spiritual leadership taps into the fundamental needs of both leader and follower for spiritual survival so they become more organizationally committed and productive (Fry, 2003). Spiritual leadership intrinsically motivates one's self and others so that they have a sense of survival through calling and membership. It is the act of establishing a culture with values that influences others to strongly desire, mobilize, and struggle for a shared vision that defines the essence of motivating through leadership. Most contemporary theorists assume that people initiate and persist at behaviors to the extent that they believe the behaviors will lead to desired outcomes or goals (Deci & Ryan, 2000).

## **Case Studies**

### ***Hewlett Packard***

Vyomesh Joshi, former head of Hewlett Packard's printing division, is an excellent example of transformational and spiritual leadership. His leadership approach is down to earth and he is noted for his strategic vision, passion, and ability to get his staff excited about working for him. He is an individual who loves to see his followers grow and is admired by all his employees. He works towards his mission thereby making his subordinates also follow him and engage in their work and organization mission. He says what he believes and does what he says. This makes him attain his goal as well as influence others (Chetty, 2012). Joshi made it clear that he believed in his employee's growth when he stated that they will help attain the vision of doubling the printing division to \$48 billion within a decade (Dishman, 2011). In 2005, The printing division became Hewlett Packard's best performing division. During an interview with Fast Company Magazine, Joshi answered the question to his leadership perspective by stating, "my view is to believe in our people, understand our customer and use technology as an innovation engine" (Dishman, 2011). Joshi won the transformational business leader of the year in 2011. According to Dr. John Sullivan (2012), Hewlett Packard was extremely successful in building loyalty and emotional ties.

### ***Fedex***

Fred Smith is the founder of Fedex, and under his leadership, Fedex was named "Top Corporation of the Decade" by Fortune Magazine (Shetty, 2011). Smith's leadership values are articulated in his statement that, "some leaders fail because being an effective leader is hard and requires you to subordinate your self interest for the

organization” (Shetty, 2011). Smith was determined to make employees an integral part of the decision-making process due to his belief that when people are placed first, they will provide the highest possible service and profits will follow. This was the basis of the Fedex corporate philosophy: People-Service-Profit. According to Shetty (2011), Smith created credibility through his actions. He is a hands-on manager that takes an active role and commitment to recruiting, training, and mentoring employees at all levels. Smith gives clear feedback that is constructive, candid, thoughtful, individually tailored, and intended to help the employee grow both personally and professionally.

David Marks (2013) asks us to look towards Fedex as a culture of spiritual and transformational leadership when he outlines what FedEx looks for when considering aspiring leaders:

1. **Charisma**-conveys a strong sense of passion that instills faith, respect, and trust.
2. **Coachability**-listens actively and is eager to apply new knowledge.
3. **Intellectual Stimulation**- gets others to use critical thinking skills and evidence rather than unsupported opinion.
4. **Courage**-does not give into pressure in order to avoid confrontation or personal discomfort.
5. **Dependability**-follows through and keeps commitments. Takes responsibility for his/her actions. Works well independently of the boss.
6. **Flexibility**-functions effectively in changing environments. Can handle more than one problem at a time. Is able to change course when warranted.
7. **Integrity**- does what is morally and ethically right. Does not abuse management privileges.

8. **Judgment**-makes sound and objective decisions. Uses past experiences to bring perspective to present decisions.

9. **Respect for others**-honors and does not belittle other people's opinions/work.

In 2008, Fedex launched an employee engagement survey and found all areas of the organization to be highly engaged, except for one specific department. Fedex took immediate action with leadership change and increased the engagement level in that area within the same year (Murray, 2009).

### ***Centre for Excellence in Leadership (CEL)***

Louis Fry and Yochanan Altman (2013) conducted research based on the leadership model at CEL. The leadership model was mainly focused on spiritual leadership, but the model also offered behavior traits of transformational leadership. The business model focused on employee well being, corporate social responsibility, organizational commitment and financial performance. The CEO, Lynne Sedgmore, identified areas of improvement and activities needed to develop leaders to effectively strengthen relationships with employees. These activities included interventions and training on team empowerment, collaborative-based decision making, managing conflict, managing and overcoming resistance to change, dealing with workplace anger, resentment and fear through forgiveness, acceptance and gratitude. The outcome of implementing the leadership model was that all staff was aware, believed in, and became committed to the vision and values of the organization. Overall, CEL achieved a powerful strategic position and significantly influenced all its key stakeholders.

### **Summary**

There is a growing number of authors cautioning against potential misuse or manipulation under the guise of transformation and spiritual leadership. However, authentic transformational and spiritual leadership does not delve into this attempt. The specific leadership adopted by an organization will directly affect employee performance and engagement. The need for leaders to provide higher levels of motivation and morality in our society is pressing (Sosik, 2006). According to Gallup, the current state of employee engagement, or lack thereof, has resulted in an estimated cost of to the U.S. economy of between \$250 and \$300 billion every year in lost productivity. Although engagement starts and is largely dependent upon leadership, leadership is not solely responsible. Employee engagement is everyone's responsibility, from top to bottom. Long-term engagement starts with good communication between employer and employees as well as among co-workers, fostering a positive working environment. Organizations that are effective at building a culture of engagement — one that is sustained and delivers results on many fronts — take a multifaceted approach and ensure that each level of the organization is clear on accountabilities related to engaging self and engaging others (Brunone, 2013). Employees are an organization's biggest investment and should bring the greatest reward. Yet in too many organizations, employees are viewed as an asset to be managed rather than as individuals who can create the next innovation for success. It is the hope of this paper that the framework of transformational and spiritual leadership theory will be considered as the starting point for raising the level of employee engagement for the future success of both employees and organizations.

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