A Spiritually based leadership approach in the retail environment to assist with the challenges of employee morale and retention

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Employee morale, employee retention, retail industry, spiritually-based leadership

Abstract
This quantitative correlational research study was conducted to compare the degree to which spiritually-based and mainstream retailers’ leadership practices do or do not affect employee morale and employee perceptions of retention. The sample consisted of 98 random retail employees from the Chicago, Illinois area. The employees represented four retail organizations, two spiritually-based and two mainstream organizations. Correlational analyses using data from the survey devise the research findings. The findings revealed that a small difference does exist in employee morale between spiritually-based and mainstream retail employees. Specifically, there exists a difference in the two groups between the relationship between retention and morale. The results also indicated a relationship between leadership practices and employee perceptions of retention in both groups.

Introduction
The retail industry is an environment of change, stress, and challenges which can lead to employee dissatisfaction and increased turnover (Smith, Sparks, Hart, & Tzokas, 2004). Retail jobs over the last few decades have become structured and more pressured (Fleschner, 2006; Smith, Sparks, Hart, & Tzokas, 2004). This pressure may be a result of the link between employee output and profitability for organizations (Fleschner; Smith, Sparks, Hart, & Tzokas, 2004). Most American industries have a turnover rate of 40% yet the retail industry’s rate is 54% (Nobscot Corp., 2006, ¶ 4). Effective leadership may assist in improving retention and reducing turnover in the retail industry (Elmes & Smith, 2001; Marques, 2005).

It has been suggested that leaders use a spiritually-based management approach to assist with the challenges of turnover and employee dissatisfaction (Mitroff, 2003; Weston, 2002). Spiritually-based management does not refer specifically to any said religion or the use of spiritual elements practiced in the workplace. A spiritually-based management approach addresses not only meeting the needs of the organization but also the employees (Mitroff; Weston). The spiritually-based management approach to leading a team emphasizes key parts of the human experience that impact employee perception and productivity. These key aspects include caring, hope, kindness, love,
optimism, personal aspirations, goals, values, and ethics (Mitroff; Weston). Spiritually-based retailers distinguish themselves from mainstream retailers by placing more emphasis on encouraging employees to develop themselves, serve others, unite with others in the organization, and maintain equilibrium at work (Giacalone & Jurkiewicz, 2003; Milliman, Czaplewski, & Ferguson, 2003; Mitroff; Paloutzian, Emmons, & Keortge, 2003). The four criteria in spiritually based organizations that are different from mainstream include development becoming self, serving others, unity with others, and equilibrium (Marques, 2005, p. 29).

The development of becoming self refers to searching for the meaning of personal existence (Giacalone & Jurkiewicz, 2003). Spiritually-based organizations strive to create an environment where employees enjoy the work environment, are energized by job responsibilities and the work environment, and the work environment gives personal meaning and purpose (Milliman, Czaplewski, & Ferguson, 2003). In contrast, mainstream organizational leadership is deeply impersonal and inherently collective (McLeod, 2001, p. 29). Mainstream organizations do not make similar demands for managers to self-develop or help and serve others (Garcia-Zomar, 2003; Marques, 2005; Steingard, 2005).

**Background**

The retail sector is the fastest growing industry in American business today (Plunkett Research, 2006, ¶ 1). The American business world has shifted toward the service industry. Currently, the retail industry employs the second highest number of employees in America (Plunkett Research, 2006, ¶ 1). In addition to increasing its market presence in American industry, retail has increased employee turnover and decreased motivation and morale (Plunkett Research, 2006; Shaw, Delaney, Jenkins, & Gupta, 1998).

Motivation affects workplace productivity and employee performance (Ballinger, 2007; Messmer, 2006; Redford, 2006). There are many factors that influence employee motivation, including, hours worked, vacation time, the working environment, personal opinions of the job, their supervisor and coworkers, monetary and nonmonetary incentives, delegated responsibilities, among others (Ballinger; Messmer; Redford). Motivation influences work behavior and how employees view the organization, management, the employee's role in the organization, as well as their productivity. An employee's behavior in the work setting is often an accurate reflection of their motivation (Ballinger; Messmer; Redford). Employees are responding to the environmental conditions they work in (Garcia-Zomar, 2003; Marques, 2005; Steingard, 2005). How employees feel about themselves and the organizational environment will affect the employee's role in the workplace (Ballinger; Messmer; Redford).

Motivation should be studied by leaders because it influences performance and productivity (Ballinger, 2007; Messmer, 2006; Redford, 2006). Motivation is "an inner drive or force that acts on humans to initiate or direct behavior and influences the intensity of that behavior" (Huddleston & Good, 1999, p. 385). Employees produce and
perform based on the employee’s motivation (Ballinger, 2007; Messmer; Redford). It is important for managers and leaders to understand employee motivators and their role in influencing employee motivation and retention (Ballinger; Huddleson & Good; Messmer; Redford). An important aspect of this understanding is employee morale (Ballinger; Messmer; Redford).

Employee morale refers to how an employee feels about the environment where they work. Employee morale has an effect on the employee’s productivity (McKnight, Harrison, Ahmad, & Schroeder, 2001). According to McKnight, Harrison, Ahmad, & Schroeder (2001) morale in the workplace is the degree to which an employee feels good about his or her work and work environment (p. 470). The environment in which employees work and spend much of his or her time can influence employee productivity or performance (Frank, Finnegan, & Taylor, 2004).

Employee turnover in the workplace represents the percentage of employees that leave organizations during a specified period (Frank, Finnegan, & Taylor, 2004). The retail sector has an increasing challenge with turnover. According to Nobscot Corp. (2006), annual turnover in the retail industry is as high as 54%; the average turnover in other American industries is 40% (¶11). Employee retention is the “effort by an employer to keep desirable workers in order to meet business objectives” (Frank, Finnegan, & Taylor, 2004,p. 6).

**Purpose of the Study**

This quantitative correlational research study compared whether or not spiritually-based and mainstream retailers’ leadership practices do or do not affect employee morale and employee perceptions of retention for 100 retail employees in greater Chicago, IL. The greater Chicago area was chosen for several reasons. The retail industry represents one of Chicago’s largest industries. According to the Illinois Department of Employment Security (2004), retail ranks as the sixth largest industry in Chicago. In addition, Chicago has developed a program to support the growth of retailers in the area. The program entitled the Retail Chicago Program (RCP) was designed to better inform developers of the retail market opportunities in Chicago as well as to strengthen and stabilize existing neighborhood retail centers (City of Chicago, 2007). Chicago is also home to a diverse population of people. According to the Chicago Convention and Tourism Bureau (2006), Chicago is a business center with a diverse powerhouse economy.

**Research Method**

A quantitative Likert-type survey served as the research method for this study. The survey questionnaire was distributed to retail employees at both spiritually-based and mainstream organizations. The dependent variables were employee morale and employee perceptions of retention. These variables, as part of the context of the study, represent the outcome of the use of motivational contexts in the retail environment. The
independent variables were spiritually-based and mainstream retailers. The research design used for the study was factorial. Factorial designs study two or more variables on two or more levels (Creswell, 2005). The independent variables examined in this study are spiritually-based and mainstream retailers. In addition, the design was correlational in nature. The design used in the study measured the relationship between the use (or lack of use) of spiritually-based leadership practices on employee morale and retention in retail. The design was appropriate as its correlational design enabled statistical tests to serve as a measure. The investigator used correlational testing to examine the relationship between leadership practices (spiritually-based and mainstream) and employees’ perceptions of employee turnover and morale. There was no attempt to manipulate the variables (Creswell). This study investigated the difference between employee morale and employee perceptions of retention in spiritually-based and mainstream retailers.

Results

The demographic and employment variables studied were gender, age, retail organization, tenure with the retail organization, level within the organization, and years of experience in the retail industry. The two dependent variables were employee morale and employee perceptions of retention. The independent variables are the leadership practices of spiritually-based retailers and leadership practices of mainstream retailers. Inferential statistics rely on probability sampling to infer results about a population based on a sample. In addition, inferential statistics are used to test hypotheses (Neuman, 2003). This dissertation study sought to provide answers to 16 research questions.

Research Question 1

R₁: What is the difference in morale between employees of spiritually-based and mainstream retailers?

The results of a t-test indicate that there is a statistically significant difference between spiritually-based and mainstream retail employees’ levels of morale using an independent (t= -3.762; p< .05). The null hypothesis was rejected in favor of the alternative hypothesis. The employees of the spiritually-based employers reported higher levels of morale (lower scores indicate higher agreement with questions related to employee morale) than employees of mainstream retailers.

Research Question 2

R₂: What is the difference in perception of retention between employees of spiritually-based and mainstream retailers?

The results of a t-test indicate a statistically significant difference in the perception of retention between employees of spiritually-based and mainstream retailers (t = -5.443; p<.05). Spiritually-based retail employees showed a lower score (willingness to stay) as opposed to mainstream employees in subscale 1. The tests also convey a significant difference in both groups to subscale 2 (t=5.031; p<.05). The
spiritually-based employees demonstrate a higher score (higher score indicates less willing to leave) as opposed to mainstream retail employees. The null hypothesis is rejected in favor of the alternative.

**Research Question 3**

R3: What is the relationship between leadership practices and employee morale?

The results of the Pearson’s r-test indicate that there is a very strong statistically significant, positive relationship between leadership practices and employee morale (r=.916; p< .01) for all respondents. The null hypothesis is rejected in favor of the alternative hypothesis. Approximately 83.9% of the variation in employee morale is accounted for by the variation in leadership practices.

Additional Pearson’s r-tests indicate a difference between the two groups. A positive correlation exists between leadership and morale for both groups. The relationship between leadership and morale is stronger in the spiritually-based (r=.973) organizations than in mainstream organizations (r=.708).

**Research Question 4**

R4: What is the relationship between leadership practices and employee perceptions of retention?

The results of the Pearson’s r-tests indicate that there were statistically significant correlations between leadership practices and employee perceptions of retention between the two groups. There is a statistically significant positive strong relationship between retention subscale 1 and leadership in the spiritually-based organizations (p =.926). There is a small significant positive relationship between retention subscale 1 and leadership in the mainstream organizations (p=.297). Further, there is a moderately strong negative relationship between retention subscale 2 and leadership in both mainstream (p= -.596) and spiritually-based organizations (p= -.633).

**Research Question 5**

R5: What is the relationship between employee perceptions of the work environment and employee morale?

The results of the Pearson’s r- test indicates that there is a moderately statistically significant positive relationship between employee perceptions of the work environment and employee morale (r=.919; p< .05). The null hypothesis is rejected in favor of the alternative hypothesis. Approximately 81% of the variation in employee morale is accounted for in employee perceptions of their work environment. Additional Pearson’s r-tests indicate a difference between the two groups. The spiritually-based employees demonstrated higher positive relationship (.985) than mainstream retail employees (.604).
Research Question 6
R6: What is the relationship between employee perception of retention and employee morale.

The results of the Pearson’s $r$-test indicate that there is a strong significant positive relationship between employee perceptions of retention and employee morale for retention subscale 1 for both spiritually-based ($p=.940$) and mainstream ($p=.508$) retail employees. The Pearson’s $r$-test conveys a moderately strong negative correlation between morale and employee perceptions of retention for subscale 2 in both the spiritually-based ($p=-.587$) and mainstream employee ($p=-.495$) groups.

Summary of Research Findings

The results indicate that a statistical difference in employee morale and employee perceptions of retention exists between spiritually-based and mainstream employees. A significant statistical difference exists between spiritually-based and mainstream retail employee perceptions of equilibrium in the workplace. Further, a significant statistical difference exists between spiritually-based and mainstream retail employee perceptions of developing and becoming self in the workplace. Table 27 represents the survey responses of spiritually-based and mainstream retailers to all research criteria (employee morale, employee perceptions of retention, equilibrium, and development of self).

Table 1

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Morale</th>
<th>Retention</th>
<th>Equilibrium</th>
<th>Self</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spiritually-Based</td>
<td>10.0816</td>
<td>11.7347</td>
<td>8.4898</td>
<td>8.2857</td>
</tr>
</tbody>
</table>

The results of the study indicate that a statistically significant positive relationship exists between leadership practices and employee morale. The spiritually-based employees conveyed a slightly stronger relationship than the mainstream group. The relationship between leadership and morale is slightly stronger in the spiritually-based ($r=.973$) organizations than in mainstream ($r=.708$).

There is a difference in the two groups between the employees’ perception of retention. The spiritually-based employees exhibited a slightly higher willingness to stay (retention subscale 1). In addition, the mainstream employees conveyed a slightly higher willingness to leave the organization (retention subscale 2).

Finally, the results of the study indicate that a statistically significant positive relationship exists between leadership practices and employee perceptions of retention. The spiritually-based employees conveyed a stronger relationship than the mainstream group. The relationship between leadership and retention is stronger in the spiritually-based ($r=.926$) organizations than in mainstream ($r=.297$) in terms of the employees’ willingness to stay at the organization. Further, a strong negative relationship exists in
both mainstream ($r=-.596$) and spiritually-based ($r=-.633$) employees’ willingness to leave the organization in relationship to leadership.

**Implications for Morale**

The data produced in this study suggests that there is a strong positive relationship between leadership practices and employee morale in both groups (research question 3). Further, there is a strong positive relationship between employee perceptions of retention and employee morale. Finally, a strong positive relationship exists between the work environment and employee morale (research question 5).

The results of the study strengthen the claims that leadership plays a significant role in employee morale levels in the retail environment. It appears that leadership practices have a strong impact on employee morale (research question 3). In addition, the results support the notion that the work environment has a significant impact on employee morale in the retail environment (research question 5).

**Implications for Retention**

The research suggests that little difference exists in employee perceptions of retention between spiritually-based and mainstream retailers (research question 2). The research suggests that employee perceptions of retention in the retail environment are impacted by the leadership practices used (research question 4). Further research may be conducted in the retail environment to examine reasons for higher turnover rates in the retail industry.

There may be several reasons why differences exist in employee perceptions of retention as it relates to leadership practices. One reason may be that Maslow’s hierarchy of needs is not being met in order for the employee to pursue higher levels. Maslow induced that a person could not recognize or pursue the next higher need in the hierarchy until his or her currently recognized need was substantially or completely satisfied (Gawel, 1997, ¶ 10). Organizations may be deficient in efforts to fulfill the needs of the employees; this may be reflected in perceptions of retention and turnover. Once employers are successful in meeting the basic needs of their employees, the employees can focus on more important goals such as productivity and profitability in the workplace (Giacolone & Jurkiewicz, 2003; Milliman, Czaplewski, & Ferguson, 2003; Mitroff, 2003; Paloutzian, Emmons, & Keortge, 2003).

Additional reasons for turnover in the American retail industry may include dissatisfaction with the job itself as well as poor relations with coworkers (workplace equilibrium). Pizam and Thornburg’s (2000) study concluded that hourly employees were more inclined to resign from their jobs voluntarily. In addition, voluntary turnover was associated with poor relations between coworkers and dissatisfaction with the job (Pizam & Thornburg, 2000). A Milman 2002 study of retention of hourly employees in the attraction industry found that powerful predictors of retention existed. These predictors included the sense of fulfillment with the hourly employees’ current job, low
inclination to move to another employer because of a different management style, clear responsibilities, and consistent working hours (Milman, 2002).

The Society for Human Resource Management and the Wall Street Journal Job Recovery Study in 2003 found that 83% of employees surveyed indicated that they would actively seek new employment when the economy improved (Frank, 2004). Milman and Ricci’s (2004) study analyzing retention of hourly employees in the hotel industry also found common predictors of retention. The most powerful indicators of retention were low interest to find another job, a positive experience with the company’s policies, satisfaction with the employee’s current job, a higher importance for paid vacations, a positive experience with the company’s humane approach to employees, and low importance for “having a fun and challenging job.”

The survey questionnaire did not include questions that explored the relationship between employee perceptions of retention and the work environment, development of self, and workplace equilibrium. Additional research should be conducted to explore the relationship between employee perceptions of retention as it relates to the work environment, development of self, and workplace equilibrium. Organizations may seek to use exit interviews as well as employee surveys to assess retention habits. There is a need for organizations to assess patterns of avoidable turnover in the overall profile of employee retention (Morrell, Loan-Clarke, & Wilkinson, 2004, p. 32).

Implications for Leadership Practices

Leaders have the challenging responsibility of understanding their employees as well as developing them to meet corporate expectations (Becton, Wysocki, & Kepner, 2006; Mendibil & Macbryde, 2005). Stanford Research Institute found that 12% of effective leadership pertains to the leader’s knowledge and vision; the other 88% pertains to how they deal with people (Miller, 2001). There is additional support calling for management to introduce spiritually-based leadership in organizations. In most organizations today, the individual is empowered to the extent that his or her values or sense of purpose influences those of the organization. Research argues that organizations need to recognize the interplay between the individual and the organization (Elmes & Smith, 2001). In addition, employees’ current experience of organizational conditions, such as lack of trust and being treated as objects expendable in the process of maximizing profits, causes the current search for greater meaning in the workplace (Cash & Gray, 2000). Leadership has been identified as the most important influence on the presence of the spirit of corporate America. It is the role of the leader to link spirit with leadership to address the concerns of everyone in order to find meaning in both work and life (Moxley, 2000).

The results of this current study may contribute to the knowledge base of leadership studies that seek to improve employee morale and the work place environment in the retail industry (research questions 3, 4, 5, and 6). The study sought to understand if differences in leadership practices used impact employee perceptions.
The study results found that there is a relationship between leadership practices and employee morale as well as leadership practices and employee perceptions of retention (research questions 3 and 4). In addition a slight difference existed between this relationship with spiritually-based employees sharing a slightly stronger relationship between leadership practices and both morale and retention.

**Conclusion**

Researchers have identified reasons why a spiritually-based approach to business may be used today as one practice to increase retention rates in the retail industry. These include empowering the employee for organizational success, productivity, increasing trust of employees, and increasing the marketing potential of the organization (Camp, 2003; Milliman, Czaplewski & Ferguson, 2003; Mohamed, Wisnieski, Askar & Syed, 2004; Sheep, 2004; Thompson, 2003). This study supports the notion that leadership practices, workplace environment, and development of self, impact employee perceptions of retention and morale.

The results of this quantitative correlational study contributed to the area of knowledge of retail employee morale and turnover. Greater employee morale may lead to increased retention and fewer turnovers in the retail industry. Understanding the significance of morale may be an important consideration in the current disparity between turnover rates in the retail industry as compared to other American industries. The current chapter provided a summary of the study findings, literature-based suggestions for practice, implications of the research to the practice of the retail industry and to retail leadership practices, and recommendations for further research. The current correlational study identified similarities and differences between spiritually-based and mainstream retail employees. In addition, the current study identified the positive relationship between leadership practices and employee morale and perceptions of retention in the retail environment.

**References**


