THE IMPACT OF SPIRITUAL LEADERSHIP ON EMPLOYEE PERFORMANCE IN NIGERIAN MICRO FINANCE BANKS

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Abstract- The poor performance of micro finance banks (MFBs) in Nigeria has become a serious concern to all stakeholders. The failure of the MFBs to meet up to expectations has been attributed to lack of appropriate conduct of the managers resulting to their inability to effectively motivate employees. This paper discusses employee performance, the concept of spiritual leadership and the roles of spiritual leadership in improving employee performance. The organizational leaders are expected to show love, appreciation, kindness and care. The paper concludes with suggestion that leaders' creation of a culturally friendly work environment which appreciates individual spiritual values will improve employees' performance.

Index Terms- Spiritual Leadership, Employee, Performance

I. INTRODUCTION

There are many reasons for failures of micro finance banks (MFBs) in Nigeria. However, of all the numerous reasons attributed to MFBs failures, poor performance of employees has a serious devastating effects on the general performance of the micro finance banks. The employees' poor performance can be attributed to leaders' inability to intrinsically motivate their subordinates through appropriate behaviors. The observed inappropriate conducts of the managers of the MFBs includes embezzlement of depositors' funds with impunity, awarding huge salaries and benefits to directors, providing sub serviced loans and approved facilities above CBN's guidelines, speculating on stock market [1-3]. This is consistent with [4] in which the author posits that many banks have been run down as a result of the insider abuse, including members of the board, management and staff committing fraud against the banks or use of bank facilities to defraud people. There is also problems of lack of training, inability of organizational leaders to adequately remunerate employees, poor conditions of service [3]. The near absence of care, support and appreciation of employees' values are demoralizing factors which consequently reflects in employees' poor performance. The problems have led to high labour turnover an obvious indication of low employee motivation and poor human capital practices [3][5]. Thus, there is enormous pressure on employees to perform at all means which often leads to low performance.

Consequently, the employees' low performance has resulted to micro finance banks inability to meet up with good objectives for which it was established in 2005. The introduction of micro finance banks (MFBs) in Nigeria was meant to alleviate poverty [6] bridge the gap in access to financial services by economically active poor [5] and to serve as bank for millions of unbanked who are not adequately served by commercial banks. According to [7] the banking service has never been available to large population of Nigerians, banking services were available to just about 40% of the total population in 2008, whereas up to 70 percent of the active poor were not served by formal finance service in the same period under review. However, the banks 'poor performance indeed has become a serious concern to stakeholders as ten years after its introduction, there is still high number of Nigerians who do not have access to micro finance services [5-6]. To be sure, it is estimated that poverty in the country was at 62.6 percent in 2009/2010 period which means that poverty has increased from about 68.7 million people in 2003/2004 to 112.519 million in 2009/2010 [8-9]. According to [9] the World Bank survey in 2013 showed also that about 79 percent of Nigerians are still unbanked which means that poverty remains a major problem to Nigeria as many number of the population is still not served by formal financial services.

Furthermore, the employees' lack of performance and the consequent effects on the banks' overall performance can be linked to leadership lack of spiritual values resulting to inefficiencies in management of both human and material resources. There is a strong relationship between spiritual leadership and employee performance [10-11]. Indeed there is increasing demand for integration of spiritual, economic, and ethical values which will no doubt result to improve employees' inner happiness, higher productivity [12-13] and overall organizational performance. This paper discusses employee performance, spiritual leadership theory and its roles in improving employee job performance, conclusion and recommendation. The purpose of this paper is to explore the concept of spiritual leadership and the effects of integration of spiritual values in management process so as to enhance employees' performance. This paper increases theoretical

understanding of the concept of spiritual leadership and how the theory can be used as effective leadership model to improve employees' performance in developing countries such as Nigeria.

II. LITERATURE REVIEW

A. Employee Performance

Employee performance is regarded as the result in terms of quality and quantity of job outcomes determined by organization. Employees' effectiveness in achieving desired outcomes goes a long way to support organizational functioning. Therefore, performance can be define as employee effectiveness to carry out tasks which contribute to the organization's core objectives by either directly applying technologies or by providing the firm with needed materials or services [14]. In this view, employee performance in banks could include product knowledge, closing sales, customer management as well as time management. The ability of employees to accomplish tasks in most desirable manner is a key determinant factor to the realization of organizational goals. For employees to perform effectively many factors work together to influence performance such as leadership behavior and ability to improve employees' effectiveness in performing task. The aim of leadership is to realize in most effective manner organizational desired outcomes. According to [15] leadership can be define as a process of interaction between leaders and subordinates in which the superior is determine to inspire the follower with the purpose of accomplishing collective goals. This makes leadership a crucial factor in coordinating and supporting organizational processes which to great extent affects organizational performance. This also makes leadership style and approach very imperative in managing both employees and organizations [16-17]. Considering the impact of employees' lack of performance and the consequent effects on the micro finance banks' overall performance spiritual leadership approach can be effective model to intrinsically motivate employees so as to increase efficiency in management of both human and material resources.

B. The Concept of Spiritual Leadership

The "ideal employee norm" for every professional is to spend longer hours at work. The desire to spend extra hours at work depends on organizational culture that values, reinforces and rewards commitment. The concept of spiritual leadership can be defined as the attitudes, values and behavior required to intrinsically motivate both oneself and subordinates by satisfying fundamental higher order needs through calling and membership which influences employee's well-being and improves performance [18]. The leader tap into employees' desire for spiritual welfare through calling and membership to build a vision and value congruence across organizational level. According to [10] spiritual leadership means creation of vision where organizational members can experience a sense of calling so that their life can make a difference. The vision must include creation of organizational culture of altruistic love, care, hope and faith, appreciation and selflessness [10][19-20]). In other words, spiritual leadership can be described as intrinsic motivation of subordinates through engaging their inner life to develop values, attitudes, and behaviors necessary to achieve desired results. The leader ensures that objectives are met by taking care of the well-being of followers in such a manner that a task is completed by keeping team spirit high all through the process. In practice, motivation factor is a necessary component needed to operate effectively in a competitive business environment such as micro finance bank sub sector.

The spiritual leaders are chief motivators of organizations who values employee's call to service and creates conducive environment through show of love, care, appreciation and support of subordinates to make difference in life. The leader's creation of sense of membership and promotion of culture that values employees' spiritual well-being as an organizational asset encourages performance. The leaders through intrinsic motivation creates culture in organization whereby both leadership and followership are committed to the organizational mission which leads to greater performance [21]. In this regard, [10] argued that for contemporary organizations to have the capacity to adapt to nowadays changing business world and become learning firms, they should depend on motivation of workers intrinsically rather than extrinsic motivation. This makes intrinsic motivation of employees' of banks very crucial because when people are motivated, they will be engaged and consequently improve performance.

The micro finance bank sub-sector is a very competitive business in Nigeria and so there is increasing demand on employees to produce result at all means. This often turn employees' to workaholics. It makes motivation a very important factor because in micro finance banks despite the pressure, the pay is mostly not adequate when compared with that of commercial bank employees. This therefore, makes the concept of spiritual leadership a vital transformation model for any malfunctioning organization [20]. The concept recognizes intrinsic motivation as an important factor which makes people to see their job activity as something of an interest. It also makes people to find satisfaction in the job they do and as something which supports growth as well as satisfaction of higher order needs [10]. In this regard, [22] posits that every subordinate wants to work with a leader who is kind, loving, honest, credible, and respectful. The understanding that a leader possess qualities to motivate and inspire subordinates influences employee's attitudes and behaviors which encourages performance.

Many researchers have previously connected leadership as having important role in promoting

spiritual values in organizations [19][23-24]. In practice, spiritual values constitute important tangible asset to organizations which must be turned to competitive advantage [25]. It means that for organizations to realize objectives, leadership must ensure that employees have the feeling of membership and being appreciated as indispensable organizational asset. This implies that turning spiritual values to an organizational competitive advantage will encourage employees' performance.

The concept of spiritual leadership is characterized by vision, goals, care, and honesty, authenticity as well as strong pursuit of organizational ideas irrespective of challenges. In the study conducted by [26] spiritual leadership is thought to be a selfless leadership which earns a leader the admiration of his followers by his servant nature. Spiritual leadership possess qualities such as vision [10], the leader embody's inspiration and can be trusted [26-27]. The spiritual leadership approach creates culture which is centered on unselfish values to bring about employees who are adequately motivated, committed and productive.

The spiritual leadership is transformational and selfless as the leader pays attention on organizational success rather than on personal self-esteem by motivating self and others. The spiritual leadership approach has the attribute of inspiration and capable of changing organization which is dysfunctional by making such firm to adapt to a changing business environment and become learning organization. The advantage of spiritual leadership is its ability to provide those who practice it with sense of purpose and meaningfulness which gives individuals the capacity to effectively manage their surrounding environment as well as the capability to follow individual's inner mind-set for progression and self-realization [27][21][18]. More so, the leader's show of appreciation, care, love and authenticity encourages commitment and shareholders' support as well as societal acceptability which can increase employee productivity.

Furthermore, spiritual leadership trustworthy character encourages ethical values and culture in organization by integrating self-pursuit of a vision, purpose, and mission in relationship with employees which satisfy subordinate's need for calling and membership [27]. This means the leader considers employees welfare when making important decisions and treats everyone objectively [28-29]. The spiritual leadership is effective as it integrates spiritual and ethical values [30] thereby making people to genuinely live to their values, behaviors and attitudes. The synergy creates value congruent which can encourage performance.

C. Spiritual Leadership And Employee Performance

Employees are very crucial factor in realization of organizational goals and objectives without their motivation and commitment organizational targets may not be achieved. In view of this, many researchers have conducted studies on the role of spiritual leadership in achieving increased employee performance especially in the face of difficult challenges. According to study by [31] spiritual leadership has positive significant relationship on employee productivity. The study revealed that feeling of sense of membership increases employees' participation in marketing organization's products and services. The motivation of employees increases work involvement and commitment needed for organizational performance.

Spiritual leadership also is associated with positive influence on employee motivation and work capability which directly affect job performance [32]. The work capability of employees is effectively enriched through subordinates' experience with leadership in a social exchange [33-34]. The ability of spiritual leadership to motivate employee through appreciation, love, care, and support in good quality leader-member relationship can improve employee performance. This is because employees want to work for honest, trustworthy, loving leaders. Therefore, if employees' appreciate leadership support, care and view it as significant issue within the organization, it may lead to strong desire to reciprocate by putting extra effort [29-30]. The reciprocity through extra effort and commitment leads to performance.

Furthermore, there is also a positive relationship that exists between spiritual leadership intrinsic motivation and employees' level of commitment to the organization [10][27][32]. Employees' commitment to work is as well related to better-quality products, greater customer loyalty, and less costs of running organization owing to reduction in employees' turnover intensions. The figure 1, below demonstrates the effects of spiritual leadership on employees and organizational performance.

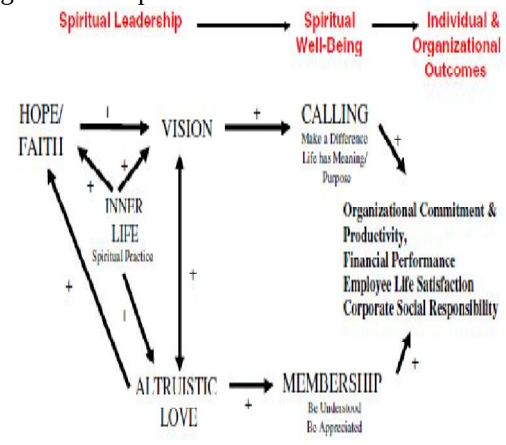


Figure 1. Causal model of spiritual leadership (Adapted from Fry and Cohen, 2008)

CONCLUSION

Employees' performance is key to achieving organizational objectives. Therefore, micro finance bank leaders must take proactive measures to

encourage employees' performance by intrinsically motivating employees through show of love, care, honesty, kindness and appropriation of attitudes. The spiritual leadership is the chief motivator of his/her organization who must at all times demonstrate honesty, ethics, sincerity, love and appreciation of employees' values. This way bank leaders can create culturally friendly work environment for employees to commit to organizational goals. The leader's approach serves as a model for development of culture that values employees' spiritual well-being as indispensable asset to the achievement of organizational objectives.

It is expected that bank leaders who are able to turn employees' intangibles values such as ethics, morality, love, beliefs, hope and honesty to physical outcomes like commit, punctuality, sincerity, good conduct and pro-social attitudes can increase organizational capability. From previous literature, spiritual leadership is a model which creates culture that facilitates employees' sense of being connected to organization. Indeed, the feeling of a sense of calling through one's job and the consequent effect on pro-social attitudes it provides to individuals to make life difference are fundamental to employees which constitutes organizational competitive edge. Thus bank leaders' must understand that inner life nourishes human health and stabilize state of mind. Therefore, spiritual leadership approach no doubt satisfies the spiritual values and influences performance. The bank leaders' must see spiritual leadership theory as effective leadership paradigm needed for the growth of micro finance sub sector.

Finally, it is important for future study to quantitatively determine the extent to which employees who are lowly remunerated can be intrinsically motivated to perform their job. Further study should consider if spiritual leadership has relationship with employee job satisfaction.

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