Spiritual Leadership in South Korea: A Multi-Sample Analysis of the Brokerage Sector

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Abstract: This multi-sample study examined the universality of Fry's (2008) extended model of spiritual leadership, which includes inner life and life satisfaction as new variables, within the context of South Korea's financial brokerage sector, which is facing uncertain job security. This study supported Fry's (2003) baseline model; however, only life satisfaction, as an extension to the theory, was supported, revealing that despite uncertainties, spiritual leadership facilitates life satisfaction. Results did not support inner life as an antecedent variable due to low reliability (alpha = .65). Notably, membership contributed almost all of the variance on organizational commitment, as compared to calling, while playing an equal impact on productivity and life satisfaction. The results revealed the challenges of translating the concept of spirituality into Korean, and also the need to examine the relationship of Confucianism to the emergence of spiritual leadership in a Korean context.

1. Introduction

To the pride of Korea, organizations such as Samsung, Hyundai, Kia, and LG have emerged as global leaders in the wake of exceptional growth, helping Samsung's brand achieve the world's fifth position in 2013, according to Interbrand. However, growth has not come without sacrifice, especially to human resources (HR) overall and the financial sector specifically, exacerbated by labor policy changes that surfaced during various financial crises of the past fifteen years (Yu & Rowley, 2012). Combined with massive organizational restructuring, lifetime employment and seniority-based rewards were the first to be reformed, which resulted in heavy layoffs following the 1997 Asian financial crisis. These traditional HR practices have been replaced by a move to individual and team-based incentives, increased management transparency, less female gender discrimination, improved relations with organized labor, reduced working hours, and recognition of workers' desire for an improved work-life balance (Hemmert, 2012). Leadership, while still hierarchical, has become less focused on command-and-control and more flexible and guidance-oriented to meet the demands of younger, more individualistic workers (Hemmert; Michell, 2010). Finally, and as expected with rising economic affluence, cultural values and practices within Korea's organizations have evolved, thanks to a younger workforce exposed to western individualism and government policies targeting the development of the technology and venture sectors through entrepreneurship (Choi, Elkinawy, & Wang, 2009; Hofstede, 2007). Taken together, these diverse cultural and human resource policy developments are impacting the spiritual well-being of both leaders and

followers, as reflected through one's life satisfaction, and leading workers to increasingly search for a better balance between work and personal lifestyle (Park & Kim, 2005).

Spiritual leadership theory, rooted in workplace spirituality, offers an explanation to surviving workplace challenges related to work/life balance and employee well-being (Fry, 2003; Karakas, 2010). As one of the first theories to recognize and integrate the relationship between workplace spirituality and leadership, the theory suggests a positive relationship between an organizational culture embracing workplace spirituality and participants' life satisfaction (Fry, 2008). Empirical testing of extensions to Fry's model have yielded positive results, as to the importance of one's inner life to spiritual leadership and life satisfaction as an outcome variable (Jeon et al., 2013). This study will examine the relationship of spiritual leadership to one's inner life and life satisfaction within the context of uncertainty facing Korea's brokerage sector, as a means of better understanding how spiritual leadership can sustain and support the achievement of life satisfaction even during times of great uncertainty.

South Korea cultural context. A nation's culture is the "collective programming of the mind that distinguishes the members of one group or category of people from others" (Hofstede & Hofstede, 2005, p. 4) and is heavily influenced by deep, underlying, unconscious assumptions that are often manifest through religious practices and ideologies (Schein, 2004). These assumptions are part of an encoding process that shape cultural identity and are transmitted to individuals across their life span through "social practices, norms, rituals, beliefs,

worldviews, values, and other subjective as well as objective elements" (Matsumoto & Yoo, 2006, p. 240). Korea's contemporary cultural identity is an eclectic blend of traditional Korean ideologies and modern Japanese and US philosophies and practices (Michell, 1986) that are underpinned by the philosophical perspectives of Confucianism (Hemmert, 2012; Yim, 2002).

The foundations of Confucianism are the five constants (i.e., *Wuchang*) of *Jen* (humanity), *Li* (rules of conduct or mannerisms), *Yi* (righteousness), *Chi* (wisdom), and *Xin* (trust), of which the cornerstone is considered to be *Jen* (Kim & Shute, 1993). Harmony and social order are viewed as the primary objectives of Confucianism and are best accomplished through detailing an explicit code of moral conduct and self-cultivation to harmonize the unequal relationships found within society (Kim & Park, 2003; Paik & Sohn, 1998). Indeed, the cultural influence of Confucianism permeates and exerts a tremendous influence on the livelihood of most Koreans from family and social relationships to political ideologies to capitalistic ambitions to the ethical and moral fabric of the nation (Oh, 1991). However, Korean Confucianism also has a dark side, provoked by the strict hierarchy of relational behaviors and attitudes. According to Oh, the reciprocal superior-to-subordinate obligations dictated by Confucianism are often ignored which, combined with the strict hierarchical structure, often provokes a climate of mistrust. Moreover, the emphasis on subjugating individual ambitions in the pursuit of group harmony can create an organization that "looks harmonious on the outside, but is seething with dissatisfaction on the inside" (Oh & Kim, 2002, p. 217). Indeed, organizational restructuring and human resource reforms during the past 15 years have focused on reducing the level of hierarchy and authoritative management through reshaping organizational value systems, empowering individuals, and introducing individual and team-based performance incentives to counter these negative aspects (Hemmert, 2012).

Spiritual leadership. Spiritual leadership theory is rooted in the fields of workplace spirituality, spiritual well-being, and leadership ethics and values. The theory is built on a generalized model of intrinsic motivation wherein effort leads to performance that leads to rewards. The outcome of these intrinsic motivational practices is the satisfaction of the spiritual survival needs of leaders, followers, and co-workers through a sense of calling and membership (Fry, 2003). The theory is founded on leadership approaches such as the path–goal theory of leadership (House, 1996), transformational leadership (Bass & Avolio, 1994). Extending these leadership theories, Fry's causal theory of spiritual leadership explicitly incorporates leader and follower needs, cultural dimensions, and organizational outcomes. To date, Fry's theory of spiritual leadership is the only extensively tested and validated model of spiritual leadership (Fry, Hannah, et al., 2011). Various organizational outcomes of spiritual leadership have been studied with reliable and valid results, such as job and life satisfaction, productivity, organizational commitment, and organizational citizenship (Bodia & Ali, 2012; Chen & Yang, 2012; Jeon et al., 2013).

Fry's (2003) model of spiritual leadership has been extended on several fronts. Firstly, the source of spiritual leadership is an inner life (Duchon & Plowman, 2005) or spiritual practices that positively influence vision, hope/faith, and altruistic love through self-reflective practices (Fry, 2008). One's inner life is related to one's identity, given that "individual identity is part of a person's self-concept, or inner view of themselves, and the expression of that inner life is in part an expression of social identity" (Duchon & Plowman, p. 811). Within Korea, one's identity is heavily influenced by Confucianism that sets the guidelines for appropriate relational attitudes and behaviors, and underpins the drive for self-cultivation (Yim, 2002). Confucian values are gained through the socialization process from infancy within families, amongst friends and peers, and through relationships observed within organizations (Michell, 1986). These values form the source of Korea's hunger for self-cultivation, in addition to the compassion and loyalty values that guide behavior in relationships (Hemmert, 2012).

Secondly, according to Ryff and Singer (2001), life satisfaction is a part of psychological well-being that includes self-acceptance, positive relations with others, and purpose in life. These attitudes and behaviors are manifest at an individual level through joy, peace, and serenity, and at an organizational level through corporate social responsibility (Fry, 2008). Within Korea, evolving societal culture and human resource practices are creating mixed results for individuals. Positively, the reforms are stimulating responsible management through greater transparency and the breakdown of crony-capitalism, creating opportunities to pursue personal ambitions through entrepreneurship, and freeing up leisure time (Hemmert, 2012; Yu & Rowley, 2009). However negatively, the changes are increasing job stress by lowering the effective retirement age, using more temporary workers, raising individual working hours due to downsizing, and accelerating the shift in cultural values to greater individualism (Han & Shin, 2000; Park & Kim, 2005).

2. Method

The sample for this study included three of Korea's leading financial brokerages. The brokerage

sector was chosen due to its unprecedented level of uncertainty and job insecurity in light of both over-expansion of the sector during the past ten years and simultaneous promulgation of internet and smart-device technologies (Park & Yang, 2008). As the majority of retail trading has shifted to on-line platforms, leaders in these organizations face the challenge of shutting down branch offices and downsizing a bloated workforce to remain competitive. Based on data provided by the Korea Financial Investment Association (2013), the entire brokerage sector consists of 62 brokers and accounts for roughly 80% of total employment in the financial investment sector, which as of January 2014 had declined by 4% from a peak of 43000 employees in 2010 (versus total employment of 30000 in 2004). At the same time, the total number of branch offices within the sector had fallen by 16% from a peak of 1900 (versus 1530 offices in 2004). Industry analysts estimate that the brokerage sector needs no more than 30 firms, speculating that industry consolidation will continue, which should continue to feed job insecurities (Yonhap News, 2013).

Survey research was conducted voluntarily with approximately 750 members from the three brokerages, of which 358 individuals responded (202 males, 146 females, 10 no report), yielding a participate rate of 48%. Most participants were 31 to 40 years old (49%) and had more than 3 years of work experience (52%).

Instrumentation for this study was based on the extended spiritual leadership survey (Fry, 2008) that consists of 9 variables and 40 questions and is based on a response set ranging from 1 to 5.

3. Results

All variables were correlated with each other between .35 and .80 at the level of $p < .001$. Cronbach's alpha was used to check the internal consistency of measurement items. Reliabilities ranged between .65 and .87. Except for the low reliability of the inner life scale ($\alpha = .65$), the remaining reliabilities all fell within the range of previous studies. Due to the low reliability of inner life, the variable was excluded from further testing.

Validity of the study was tested through confirmatory factor analysis (CFA) and structural equation modeling by using AMOS 18 (Arbuckle, 2009). First, five scale items were removed due to low factor loadings, including one item each from calling, membership, organizational commitment, productivity, and life satisfaction. Second, CFA determined the existence of a second order factor for spiritual leadership with adequate goodness of fit (NFI = .88, IFI = .93, CFI = .93, RMSEA = .06) that was used in subsequent testing of the structural model.

Finally, average variance extracted (AVE) were all above .5, which supported the convergent validity of the results (Fornell & Larcker, 1981).

Table 1. Reliability analysis of variables ($N = 358$)

Variable	M	SD	AVE	Alpha
Spiritual leadership	3.23	.66	.84	.93
Vision	3.29	.69	.56	.84
Altruistic love	3.07	.78	.58	.87
Hope/faith	3.30	.70	.61	.85
Calling	3.84	.65	.64	.85
Membership	3.09	.80	.59	.81
Org. commitment	3.40	.69	.60	.85
Productivity	3.53	.74	.52	.76
Life satisfaction	3.51	.63	.51	.80
Inner life	3.72	.50	-	.65

The structural model was tested through chi square tests, goodness of fit tests, and standard root–mean square error of approximation (RMSEA). The overall chi-square for the extended model was 229.52 with 128 degrees of freedom, $p < .001$. Goodness of fit was measured by NFI, IFI, CFI, and RMSEA (Bentler & Bonett, 1980), which yielded strong goodness of fit measures (NFI = .94, IFI = .97, CFI = .97, RMSEA = .05), lending support to the validity and universality of Fry's (2008) extended model.
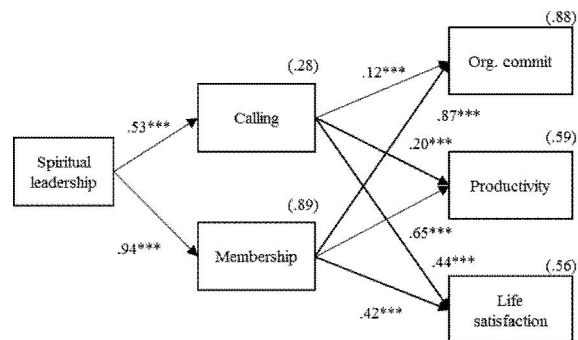

Figure 1. Results of spiritual leadership model.

Note. Data in parentheses represent proportion of variable's variance. *** $p < .001$

4. Discussion

Implications for spiritual leadership. The results of this study showed mixed support for the predicted relationships of the inner life and life satisfaction variables. First, additional testing of the inner life variable is required due to the low reliability ($\alpha = .65$) of the variable. One potential source of the low reliability could be the translation ambiguity of the concept of *spirituality*, as the Korean language interprets spirituality through (a) meaning directly

linked to organized religion or (b) through a blended meaning of mind, soul, and spirit commonly translated as *mental*. However, despite the low reliability, the relationships between inner life on hope/faith ($\beta = .22$, $p < .001$), vision ($\beta = .29$, $p < .001$) and altruistic love ($\beta = .16$, $p < .001$) were positive and significant, supporting our hypothesis.

Second, contrary to expectations of a negative relationship between calling and membership on life satisfaction, this study's results showed a positive, significant relationship between spiritual survival variables and life satisfaction, supporting the universality of Fry's (2008) model. The results suggest that the pace of cultural change in Korea and the potential negative correlation with life satisfaction are emerging at a slower-than-expected rate than hypothesized.

Finally, this study found that the variance of organizational commitment as mediated through calling and membership is explained almost entirely through membership, supporting the assertion of the importance of altruistic love (Fry, Vetucci, &Cedillo, 2005). Indeed, the results of this study suggest that Confucianism, as reflected through spiritual leadership variables, can contribute to both the collectivity and vision of a group based on reciprocal trust and loyalty between leaders and follows (Kim & Shute, 1993).

Implications for Korean leadership. The underlying contextual question of this study was how spiritual leadership emerges during times of high uncertainty and job insecurity. In comparison to the means found in both the baseline study of spiritual leadership (Fry, Vitucci, & Cedillo, 2005) and a generalized study of spiritual leadership in Korea (Jeon et al., 2013), the mean values of this study revealed several peculiarities (Table 2). The mean scores for calling were all relatively high, as compared to the mean scores of membership. Likewise, the mean scores for productivity were similar while the mean score of life satisfaction in the current study was higher than the Jeon et al study. Taken together, these relationships suggest that despite uncertainties, spiritual leadership is facilitating a strong sense of participants' meaning in their respective jobs, as well as underpinning their life satisfaction and willingness to contribute to the productivity of the organization.

However, the low mean scores of organizational commitment in the current study, as compared to Jeon et al. (2013) suggest that participants' perceived job and organizational risks are hindering organizational commitment, especially as mediated through the high levels of calling shown in the study. This suggests that the anxiety workers feel about potential organizational changes is not being compensated through leaders strengthening the psychological safety of participants (Schein, 2004) by

reinforcing the relational bonds of trust, humility, courage, and compassion found within an organizational culture of altruistic love (Fry, 2003). Indeed, the brokerage sector is in the midst of heightened organizational change, in terms of both industry survival and organizational structure, which require leaders to create a psychological safety net to offset the anxiety and uncertainties facing workers by building an environment of trust, taking courageous action, and making wise and rapid decisions (James & Wooten, 2005). While this study found that spiritual leadership can emerge during times of uncertainty, it also reaffirms the responsibility that leaders have in building a culture of trust and compassion to alleviate worker anxiety and stimulate organizational commitment, despite the uncertainties.

Table 2. Comparative mean scores

Variable	Current study	Jeon et al. (2013)	Fry, Vetucci, & Cedillo (2005)
Calling	3.84	3.94	4.13
Membership	3.09	3.38	3.63
Org. commit	3.42	3.70	3.45
Productivity	3.53	3.49	3.55
Life satisfaction	3.51	3.39	-

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4/28/2014