

CHAPTER II

LITERATURE REVIEW

The theoretical foundation of this research will be detailed in this chapter, including an explanation of workplace spirituality, psychological empowerment, and innovative work behaviour. The study hypothesis and conceptual framework will also be explained in this chapter.

2.1 Theoretical Background

2.1.1 Self-Determination Theory (SDT)

Self-determination theory understands that intrinsic motivation, the desire to engage in an activity for its inherent satisfaction, is crucial for optimal human functioning and well-being (Deci & Ryan, 2008). The theory identifies three fundamental psychological needs that nurture intrinsic motivation. Autonomy is the need to feel a sense of control and independence in one's work (Deci & Ryan, 2008). Competence is the need to feel capable and effective in performing tasks (Deci & Ryan, 2008). Relatedness is the need to feel connected and valued by others in the work environment (Deci & Ryan, 2008). The theory proposes that when these needs are fulfilled, individuals experience increased intrinsic motivation, leading to greater engagement, creativity, and innovation (Deci & Ryan, 2008).

Workplace spirituality, by fostering a sense of purpose, meaning, and connectedness within the organization (Giacalone & Jurkiewicz, 2003), aligns with the core needs of SDT. When employees perceive their work as meaningful and

feel connected to their colleagues and the organization's mission, their intrinsic motivation is likely to increase. Psychological empowerment further reinforces these connections. Feeling a sense of control, autonomy, competence, and impact (Thomas & Velthouse, 1990) directly addresses the needs for autonomy, competence, and potentially relatedness if employees feel their work impacts others. This empowered state is likely to enhance intrinsic motivation, leading to a heightened desire to be creative and engage in innovative work behaviour (Conger & Kanungo, 1988).

2.1.2 Workplace Spirituality

Workplace spirituality refers to the idea of finding a sense of connection and purpose within the workplace that goes beyond the typical job responsibilities. It's about recognizing the individual's inner self and how it relates to the organizational environment. It means the recognition that employees have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community” (Ashmos and Duchon, 2000). Workplace spirituality has three dimensions, which are meaningful work; sense of community; and alignment of values. Current definitions of spirituality, as suggested by Ashmos and Duchon (2000), include attributes like meaning, value, connection, and growth. This study supports the perspective that workplace spirituality is not exclusively tied to religious practices or communication with a higher being. Instead, it involves inner self-reflection, understanding the essence of life, recognizing one's value, and acknowledging the connections between individuals and the universe. The concept is distinct from religion, and instead focuses on creating a work environment where

employees feel comfortable expressing their beliefs, fostering better relationships with colleagues, and ultimately leading to increased engagement and productivity. In today's fast-paced world, incorporating spirituality in the workplace is becoming more common as organizations recognize the positive impact it has on employee well-being and business performance. This approach prioritizes not only the employees' experiences but also factors into measurable economic outputs such as quality, productivity, and profitability.

In recent decades, workplace spirituality, characterized by employees' sense of purpose, meaning, and interconnectedness within their work environment, has emerged as a prominent area of research interest (Dhiman & Marques, 2011; Gupta et al., 2014; Vasconcelos, 2013). Studies have documented promising outcomes, suggesting that fostering workplace spirituality can positively impact employee well-being and work performance (Stout et al., 2015). This growing body of research underscores the potential advantages of integrating spiritual values into organizational practices (Karakas, 2010; Vasconcelos, 2015).

Furthermore, workplace spirituality is envisioned as a cornerstone for promoting ethical conduct, peace, and respect for human rights within organizations (Karakas, 2010). This aligns with a broader societal shift towards interconnectedness and service to others, as opposed to a solely self-centred focus (Neck & Milliman, 1994). Notably, leading corporations like Coca-Cola and Boeing have embraced workplace spirituality by weaving it into their corporate cultures and strategic orientations (Konz & Ryan, 1999). Some companies even integrate spiritual values into their corporate social responsibility frameworks, fostering alignment across various functional areas like marketing, finance, and human resources.

However, the contemporary business landscape presents distinct challenges. The forces of globalization, rapid technological advancements, and fierce competition in the knowledge-based economy all exert immense pressure on organizations to cultivate creativity (Chan Kim & Mauborgne, 2005). Creativity and innovation are now recognized as essential drivers of organizational change and competitive advantage (Ford & Gioia, 1995). To remain viable in this volatile environment, organizations continuously seek strategies to enhance their employees' creative potential.

2.1.3 Psychological Empowerment

Psychological empowerment is a central concept in understanding employee motivation and engagement within organizations. It refers to an individual's perceived control, autonomy, and ability to influence their work environment (Ramamoorthy et al., 2005). Spreitzer (1995) goes beyond a simple definition of power, describing psychological empowerment as a multidimensional motivational construct characterized by four key dimensions: meaning, competence, impact, and self-determination.

1. **Meaning:** Reflects the value an employee attaches to their work role. It is driven by the alignment between the employee's personal values and ideals with the nature and purpose of their work tasks (Thomas & Velthouse, 1990). When employees find their work meaningful, they are more likely to be intrinsically motivated and engaged.
2. **Competence:** Focuses into an employee's sense of self-efficacy and their belief in their ability to perform their work effectively (Bandura, 1989).

Feeling competent fosters confidence and a willingness to take on challenging tasks. It is linked to a growth mindset and the belief that skills can be developed through effort and experience.

3. **Impact:** Refers to an employee's perception of their ability to influence organizational outcomes (Ashforth, 1989). Employees who feel their work makes a difference are more likely to be engaged and motivated to contribute their best efforts.
4. **Self-Determination:** Focuses on employee autonomy in initiating work behaviours and making decisions about their work (Deci et al., 2008). When employees feel they have control over how they perform their tasks, they experience a greater sense of ownership and are more likely to be creative and innovative.

Psychological empowerment has been a topic of growing interest within organizational research (Conger & Kanungo, 1988; Thomas & Velthouse, 1990).

Two key perspectives on empowerment have emerged in the literature:

1. **Structural and Social Empowerment:** This perspective emphasizes increasing employee decision-making power through changes in organizational structures and job design (Liden et al., 2000).
2. **Cognitive and Psychological Empowerment:** This perspective focuses on individual perceptions of power and control within the organization, and the resulting psychological states (Liden et al., 2000).

Meanwhile, this current research focuses on the cognitive and psychological aspects of empowerment, examining how employee perceptions of meaning,

competence, impact, and self-determination influence their work behaviour. Research suggests that organizations that cultivate a workplace culture characterized by meaningfulness, safety, and resource availability are more likely to have highly engaged employees (May et al., 2004). Empowered employees, characterized by high levels of activity, initiative, and responsibility, are more likely to proactively shape their work environment (Bakker et al., 2011). Psychological empowerment promotes an active and engaged orientation towards work roles, with a desire to influence organizational processes and contexts (Spreitzer, 1995). This active orientation fosters autonomy and task motivation (Thomas & Velthouse, 1990), ultimately increasing the likelihood of employees engaging in innovative work behaviour (IWBs). Additionally, when employees experience a sense of meaning in their work, they are more likely to exhibit creative behaviours due to the inherent value they see in their roles (Jung et al., 2003).

2.1.4 Innovative Work Behaviour

Employee creativity, often referred to as innovative work behaviour (IWB), is a critical driver of organizational success in today's dynamic and competitive business landscape (De Jong & Den Hartog, 2007). IWB encompasses the entire innovation cycle, from generating novel and valuable ideas to promoting them within the organization and ultimately implementing them to achieve concrete results (De Jong & Den Hartog, 2007). This multifaceted behaviour is essential for enhancing organizational performance and maintaining a competitive edge (Janssen, 2005). Janssen offers a comprehensive definition of IWB, describing it as the intentional creation, introduction, and application of new ideas within an employee's role, team, or the broader organization.

Researchers emphasize the importance of all three stages of IWB which are ideation, promotion, and implementation. Ideation stage is about generating new ideas for products, services, or processes (Amabile, 1988). The promotion part tries to champion new ideas and advocate their adoption within the organization (Scott & Bruce, 1994). Implementation, meanwhile, focuses on putting new ideas into action and overcoming challenges to ensure successful practical application (Van der Vegt & Janssen, 2003).

While employee creativity focuses primarily on the initial spark of generating new ideas, IWB goes beyond ideation by emphasizing the active implementation of these ideas, leading to tangible innovation outcomes (Amabile, 1988). Consequently, many organizations actively seek to cultivate IWB in their employees, recognizing its vital role in ensuring long-term survival and success (Yidong & Xinxin, 2013). Importantly, IWBs are considered discretionary behaviour (Organ, 1988). They are not explicitly required by an employee's job description nor formally included in their employment contract. These behaviours are often referred to as extra-role behaviour and may not be explicitly recognized or rewarded by traditional organizational reward systems.

Despite the lack of formal requirements, innovative work behaviour can provide significant impacts. Successful innovative work behaviour leads to the implementation of innovative ideas, ultimately enhancing organizational performance and competitiveness. Innovative work behaviour can contribute to a more innovative and dynamic team environment, leading to improved collaboration and problem-solving within a work group. Also, in engaging an innovative work behavior, employees can experience personal growth and satisfaction because

they find the process of generating and implementing new ideas intrinsically rewarding.

2.2 Previous Studies

Table 2.1

Previous Studies

Author and Title of Article	Variables	Analysis Tool	Findings
Workplace spirituality, perceived organizational support and innovative work behaviour (B. Afsar and Y. Badir, 2017)	<ol style="list-style-type: none"> 1. Workplace spirituality 2. Psychological empowerment 3. Innovative work behaviour 4. Perceived organizational support 	Partial least squares-structural equation modelling (SEM-PLS)	<ol style="list-style-type: none"> 1. Direct effect of workplace spirituality on innovative work behaviour. 2. Indirect effect of workplace spirituality on psychological empowerment. 3. Indirect effect of psychological empowerment on innovative work behaviour.

			<p>4. Psychological empowerment fully mediates the relationship between workplace spirituality and innovative work behaviour.</p>
<p>Relationship between workplace spirituality, organizational justice and mental health: mediation role of employee engagement</p> <p>(Praveen Kumar Sharma and Rajeev Kumra, 2020)</p>	<ol style="list-style-type: none"> 1. Workplace spirituality 2. Organizational justice 3. Employee engagement 4. Mental health 	<p>Partial least squares-structural equation modelling (SEM-PLS)</p>	<ol style="list-style-type: none"> 1. Workplace spirituality is positively associated with mental health. 2. Organizational justice is positively associated with employee engagement. 3. Employee engagement partially mediates the relationship between workplace spirituality and mental health. 4. Employee engagement partially mediates the relationship between organizational justice

			and mental health.
Workplace spirituality, well-being at work and employee loyalty in a gig economy: multi-group analysis across temporary vs permanent employment status (Nimitha Aboobaker, Manoj Edward, and Zakkariya, 2021)	<ol style="list-style-type: none"> 1. Meaningful work 2. Sense of Community 3. Alignment with organizational values 4. Wellbeing at work 5. Employment status 6. Intention to stay 7. Benefit Insensitivity 8. Word of mouth 	Structural equation modelling multi group analysis (PLS-MGA)	The study explored the connection between workplace spirituality, employee well-being, and loyalty towards the organization. Results indicated that fostering a spiritual workplace enriched employee well-being and loyalty. Interestingly, the research also found evidence of indirect effects, suggesting that workplace spirituality may influence other factors that contribute to well-being and loyalty.

<p>Empowering Leadership and Innovative Work Behaviour: Mediating Effect of Psychological Empowerment</p> <p>(Ritu Y., Chand P, Asha D.I, 2023)</p>	<ol style="list-style-type: none"> 1. Empowering leadership 2. Innovative work behaviour 3. Psychological empowerment 	<p>Structural equation modelling (SEM) using AMOS 21</p>	<p>The study found that empowering leadership significantly and positively impacted innovative behaviour. The mediating effect of psychological empowerment between empowering leadership and innovative work behaviour was also significant and positive.</p>
<p>Workplace spirituality and employee work attitudes: An exploratory empirical assessment</p> <p>(Milliman et al, 2003)</p>	<ol style="list-style-type: none"> 1. Workplace spirituality 2. Job attitude 	<p>Partial least squares-structural equation modelling (SEM-PLS)</p>	<p>Each of the three dimensions of workplace spirituality used has a significant relationship with two or more of the five job attitude variables examined.</p>
<p>Linking spirituality and values to personal initiative</p>	<ol style="list-style-type: none"> 1. Spirituality 2. Psychological empowerment 	<p>Structural equation modelling (SEM) using Mplus</p>	<p>Psychological empowerment partially mediates the influence of spirituality on personal</p>

<p>through psychological empowerment (Brian G. Whitaker & James W. Westerman, 2014)</p>	<p>3. Values 4. Personal initiative</p>		<p>initiative and fully mediates the relationship between organizational spiritual values alignment and personal initiative. These results suggest that spirituality and organizational spiritual values alignment represent key antecedents of personal initiative and that psychological empowerment is an important intermediary of these links.</p>
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2.3 Hypothesis Development

2.3.1 The Effect of Workplace Spirituality on Innovative Work Behaviour

Research suggests a positive link between creativity and spirituality within organizational settings (Miller, 1999). This connection extends to innovative work behaviour (IWB) as well. Studies by Afsar and Rehman (2015) found a significant positive correlation between workplace spirituality and IWB. Spirituality fosters a sense of community and interconnectedness amongst employees (Dent et al., 2005). This collaboration and knowledge sharing are crucial for generating new ideas and problem-solving, which are essential for innovation (Janssen, 2005). Workplace spirituality can empower individuals, fostering a belief in their ability to make a difference and contribute meaningfully (Karakas, 2010). This sense of

empowerment can encourage employees to take risks and experiment with new ideas, leading to increased innovation (Afsar & Badir, 2017). Workplace spirituality fosters a sense of purpose, meaning, and interconnectedness within the work environment (Dhiman & Marques, 2011). This, in turn, empowers employees to express their creativity more fully (Dent et al., 2005; Karakas, 2010; Shinde and Fleck, 2015). This intrinsic motivation can drive employees to contribute their full creative potential (Giacalone & Jurkiewicz, 2003). The positive impact of workplace spirituality on innovation unfolds at both macro and micro levels. On a macro level, it cultivates organizational awareness, leading to a more innovative and creative environment. At the micro level, it fosters employees' inner consciousness and intuition, enhancing their ability to contribute fresh ideas (Dent et al., 2005). Furthermore, a sense of community fostered by workplace spirituality emphasizes collaboration over self-interest, which is crucial for successful innovation.

Self-Determination Theory (SDT) aligns with this perspective. Employees driven by intrinsic motivation, fueled by purpose and autonomy, demonstrate higher levels of discretionary behaviour and innovation (Sheldon, 1995; Hennessey, 2000). Thus, this research hypothesizes the following:

H1. Workplace spirituality affects innovative work behaviour positively.

2.3.2 The Effect of Workplace Spirituality on Psychological Empowerment

Research suggests a positive link between workplace spirituality and psychological empowerment. When employees' sense of purpose extends beyond

themselves, it can foster spiritual values within the organization (Whitaker & Westerman, 2014). Workplace spirituality cultivates a sense of purpose and meaning in work (Dhiman & Marques, 2011). This alignment with personal values enhances the perceived meaningfulness of work, a key dimension of psychological empowerment (Spreitzer, 1995). Workplace spirituality can foster a sense of connection and belonging within the organization. This supportive environment bolsters employees' confidence in their abilities, contributing to the competence dimension of psychological empowerment (Bandura, 1989). When employees feel a sense of purpose and connection to the organization's mission (spiritual dimension), they may perceive their work as having a greater impact on organizational outcomes, contributing to the impact dimension of psychological empowerment (Ashforth, 1989). A spiritually oriented work environment that emphasizes shared values can lead to greater trust and autonomy for employees. This increases their control over their work and decision-making, contributing to the self-determination dimension of psychological empowerment (Deci et al., 2008).

This connection has been documented in studies across various contexts, including nursing (Ardalan et al., 2013) and education (Paul et al., 2020). Additionally, Yusof et al. (2019) identified a positive correlation between workplace spirituality and psychological empowerment, alongside other related constructs like organizational citizenship behaviour and leader-member exchange. By fostering purpose, meaning, and a sense of community, workplace spirituality can empower employees and enhance their psychological well-being within the organization. Thus, this research hypothesizes the following:

H2. Workplace spirituality affects psychological empowerment positively.

2.3.3 The Effect of Psychological Empowerment on Innovative Work Behaviour

Psychological empowerment includes a sense of self-determination and autonomy in work (Spreitzer, 1995). Employees with high autonomy have greater control over their work processes and are more likely to experiment and explore new ideas, leading to increased innovation (Janssen, 2005). Psychological empowerment fosters a sense of meaning in work, aligning employee values with organizational goals (Thomas & Velthouse, 1990). This intrinsic motivation drives employees to go beyond routine tasks and actively seek creative solutions to problems, contributing to the ideation stage of IWB (De Jong & Den Hartog, 2007). Psychological empowerment emphasizes feelings of competence and self-belief in one's abilities (Bandura, 1989). Employees who feel competent are more likely to take risks, champion new ideas (Scott & Bruce, 1994), and persist through challenges during the promotion and implementation stages of IWB (Van der Vegt & Janssen, 2003). Psychological empowerment involves a perception of being able to influence organizational outcomes (Ashforth, 1989). Employees who believe their work makes a difference are more invested in contributing to the organization's success. This motivation can lead them to actively seek ways to improve through creative problem-solving and innovative solutions.

Research supports a positive relationship between psychological empowerment and innovative work behaviour. Sun et al. (2012) found that psychological empowerment fostered intrinsic motivation, a key driver of employee

creativity. Furthermore, Nasir and Suryani (2019) directly confirmed a positive link between psychological empowerment and innovative work behaviour. By empowering employees and fostering a sense of meaning, competence, and influence, organizations can cultivate a workforce more likely to engage in innovative behaviour, ultimately leading to increased creativity and organizational success. This link extends to leadership styles, with studies by Zhang and Bartol (2010), Pieterse et al. (2010), and Tung (2016), validating psychological empowerment as a mediator between various leadership approaches and employee creativity. Further solidifying this concept, Sangar and Rangnekar (2014) positioned psychological empowerment as a key determinant of creativity within organizations. Most recently, Nasir and Suryani (2019) provided additional evidence by confirming the positive relationship between psychological empowerment and innovative work behaviour. Thus, this research hypothesizes the following:

H3. Psychological empowerment affects innovative work behaviour positively.

2.3.4 The Effect of Psychological Empowerment as mediator to Workplace Spirituality-Innovative Work Behaviour Relationship

Building upon self-determination theory (SDT) and its emphasis on intrinsic motivation (Deci & Ryan, 2008), research explores the potential mediating role of psychological empowerment in the relationship between workplace spirituality and innovative work behaviour. Workplace spirituality fosters a sense of meaning, purpose, and connection within the work environment. This aligns with SDT's core

psychological needs of autonomy, competence, and relatedness (Deci & Ryan, 2008). Previous research suggests that a spiritual workplace can enhance creativity and innovation (Marques et al., 2005), potentially by nurturing these core needs. Furthermore, the "integrative view" of innovative work behaviour acknowledges the interplay between environmental and personal characteristics (Amabile, 1996). Workplace spirituality, with its emphasis on "inner-life," "meaningful work," and a "sense of community" (Gatling et al., 2016), can be construed as an environmental characteristic that facilitates innovative behaviour (Afsar & Badir, 2017).

When employees experience a spiritual workplace that caters to their needs for autonomy, competence, and relatedness, it fosters feelings of psychological empowerment (Siegall & Gardner, 2000). This sense of empowerment, characterized by control, competence, meaning, and self-determination, is then expected to translate into increased innovative work behaviour (Amabile, 1996; Zhang & Bartol, 2010). Thus, this research hypothesizes the following:

H4. Psychological empowerment mediates the effect of workplace spirituality toward innovative work behaviour.

2.4 Research Framework

The conceptual framework below investigates the relationship between workplace spirituality (independent variable) and employee innovative work behaviour (dependent variable), with psychological empowerment acting as a mediating variable. The conceptual framework draws inspiration from the work of Tapas Bantha and Umakanta Nayak (2020).

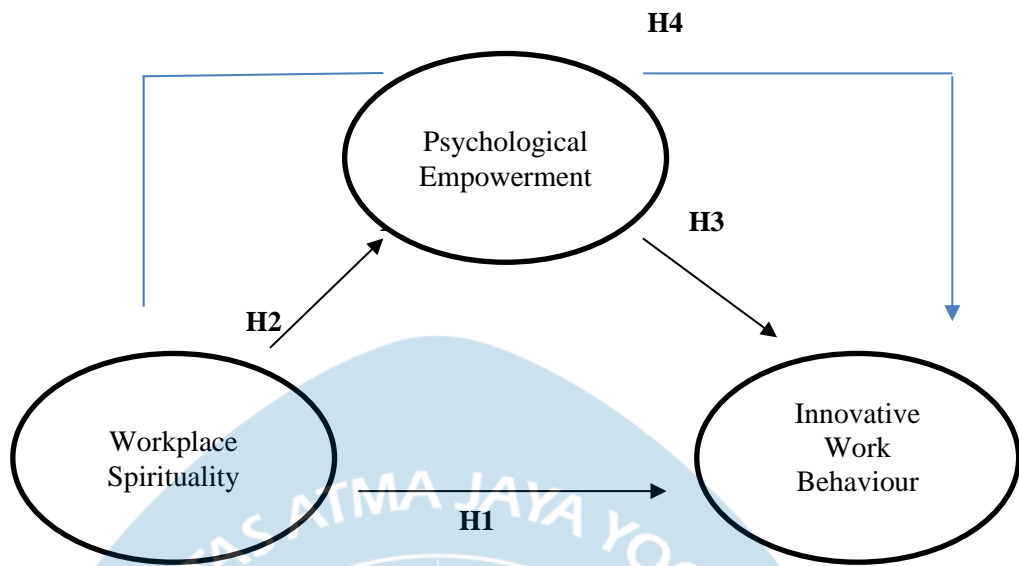


Figure 2.2 Research Model