Benefits of spirituality in the workplace: the retail industry evidence

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Abstract

Purpose: Existing literature has uncovered many benefits of spirituality in the workplace. However, building a sound theory of spirituality in the workplace requires testing its benefits in narrower contexts. We test spirituality’s effects on employees’ wellbeing and the company’s relationship with customers in the context of the retail industry in Puerto Rico.

Design / methodology / approach: We developed a model using Structural Equation Model-Partial Least Square. Then, we use the expert debriefing triangulation technique to assess the validity and reliability of our sample of 131 employees.
Findings: This research shows that spirituality in the workplace has positive effects on employees’ wellbeing and the company’s relationship with its customers in the retail industry of Puerto Rico. Our sample shows that most of these employees are young with high education attainment.

Originality: Our model links spirituality in the workplace with two variables of (Heskett et al., 1994) Profit Chain Value, internal service quality and external service value. Scholars and researchers have widely applied The Profit Chain Value in business literature but seldomly linked it to spirituality in the workplace. Although our subject has been widely studied, literature in narrow contexts is needed to develop a unified theory. We contribute insight into spirituality in a narrow context plus a quantitative model to be used when large samples are unfeasible.

Keywords: Spirituality; Internal Service Quality; External Service Value; Customer Satisfaction; Employee.

JEL codes: M1; M5; L2; O3; Z1
职场精神的好处：零售行业的证明

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文章摘要

研究目标：现有文献揭示了职场精神的许多好处。然而，建立一个职场健康的精神理论需要在更狭窄的环境中测试它的好处。我们在波多黎各零售业的环境下测试精神对员工福利以及公司与客户关系的影响。

分析方法：我们使用结构方程模型Partial Least Square开发了一个模型。然后，我们使用专家汇报三角技术来评估我们的样本的有效性和可靠性。

调查结果：本研究表明，职场精神对员工的幸福感以及公司与波多黎各零售业客户的关係有积极影响。我们的样本显示这些员工中的大多数都是受过高等教育的年轻人。

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Citation  
创新：我们的模型将职场精神与 (Heskett et al., 1994) 利润链价值、内部服务质量和外部服务价值这两个变量联系起来。学者和研究人员在商业文献中广泛应用了利润链价值，但很少将其与职场精神联系起来。尽管我们的主题已被广泛研究，但需要在狭隘背景下的文献来发展统一理论。我们在狭隘的背景下提供对精神的洞察力，以及在大样本不可行时使用的定量模型。

关键词：精神、内部服务质量、外部服务价值、客户满意度、员工

JEL 分类号：M1; M5; L2; O3; Z1
1. Introduction

The retail industry employs 132,033 or 20.3% of Puerto Rico’s total workers. This is relevant since Puerto Rico has an unemployment rate of 16.1% (Hait, 2021).

We found retail employees in Puerto Rico have high educational attainment. However, their average paycheck is $8.69 per hour. Puerto Rico average worker earns $13.91 hourly (Departamento del Trabajo, 2017). The U.S. retail industry turnover is nearly 60%, while all other industries' average is closer to 19% (Aneja, 2021). We also found most retail employees had less than five years in the workplace.

In such a scenario, we can logically deduce managers in the Puerto Rico retail industry want to address these problems. We argue that despite low paycheck, managers can reduce employee turnover by improving employees’ wellbeing in the workplace. This research tests the effect of spirituality in the workplace on improving employees’ wellbeing. Furthermore, we argue that spirituality in the workplace also benefits the employer.

Due to its intangible nature, spirituality can be challenging to implement in the workplace. In its systematic review, Obregon et al. (2021) suggest the need for more theoretical support to help managers create effective practices and programs addressing spirituality in the workplace. Existing literature still needs more research in various specific contexts (Adawiyah & Pramuka, 2017; Obregon et al., 2021). Our research helps fill this gap with the following research questions within the Puerto Rico retail industry context:

- Does Spirituality in the Workplace benefit employees’ wellbeing?
- Does Spirituality in the Workplace benefit the company’s relationship with their customers?

Hypotheses answering the first question use the variable Internal Service Quality (ISQ)

**Hypothesis H₁A:** Spirituality in the Workplace (SPIRIT) positively influences Internal Service Quality (ISQ).

**Hypothesis H₁C:** Internal Service Quality (ISQ) is related to employees’ job satisfaction (SATISFACT).

**Hypothesis H₁D:** Internal Service Quality (ISQ) is related to the productivity of employees (PRODUCTIVITY).

**Hypothesis H₁E:** Internal Service Quality (ISQ) is related to the commitment of employees (COMMITMENT).

Hypotheses answering the second question use the variable External Service Value (ESV)

**Hypothesis H₁B:** Spirituality in the Workplace (SPIRIT) positively influences External Service Value (ESV).
**Hypothesis H\(_1\) F:** External Service Value (ESV) offered is related to customer satisfaction (CUST\_SATISF).

**Hypothesis H\(_1\) G:** External Service Value (ESV) is related to customer loyalty (LOYALTY).

We explain the hypotheses more in depth in the theoretical background subsection.

Puerto Rico does not publish detailed official statistics on the retail industry’s employee profile. Building a large sample is not feasible. We chose Partial Least Square—Structural Equation Model (PLS-SEM) because it does not require a large sample to reach valid and reliable results.

We collected our sample in a shopping center. Out of the 132,033 workers in the retail industry, those in shopping centers account for nearly 25% of them (Census, 2017). We used the triangulation technique of expert debriefing to address our sample’s weaknesses.

This research more salient findings are:

1. Spirituality in the workplace increases employee’s wellbeing.
2. Spirituality in the workplace improves the company’s relationship with its customers.

This writing is structured as follows: it begins with the literature review section, then encompasses the theoretical framework that proposes our model. Then, it describes the methodology used. Afterward shows a section with the research findings. Finally, it covers this work's most salient conclusions.

### 2. Literature Review

Researchers have widely studied the concept of spirituality in the workplace. However, existing literature needs more research in various specific contexts (Adawiyah & Pramuka, 2017; Obregon \textit{et al.}, 2021) before building a sound theory on any topic (Wacker, 1998).

Many works state a positive correlation between the employees’ spirituality and the company’s success (Santiago, 2007). Other studies agree on spirituality’s positive effects on employees’ actions and organizations (Chawla & Guda, 2017; Karakas, 2010). Interest in the spirituality subject has been growing in recent years in the academic arena. More people are interested in spirituality, whether personal, academic, or professional (Counted \textit{et al.}, 2018; Daniel, 2019).
2.1 Spirituality in the Workplace

Most authors who expressed themselves on the spirituality subject agree the concepts of spirituality and religion are distinct. Robles (2011) highlights her intention of not mixing up the concepts of spirituality and religion. Consequently, she uses the definition of Mitroff et al. (2009) of Spirituality, which is “an essential feeling of interconnectedness to a whole being, to others and the entire universe” (Robles 2011, p. 4). Further literature supports that religion and spirituality are distinct from each other. Escobar and Viader (2013) studied freshmen students’ spirituality, clarifying the difference between religion and spirituality. More than 70% of this study participants agreed that we are all spiritual beings and that most people can have spiritual beliefs without being religious (Escobar & Viader, 2013). Mitroff et al. (2009) spirituality definition is regarded as the best separating religion and spirituality. However, critics such as Young-Eisendrath & Miller (2000) state that Mitroff et al. (2009) definition does not separate these two concepts entirely. To date, Mitroff et al. (2009) definition of spirituality is regarded as the most adequate to this research.

Mitroff et al. (2009) offer a compelling case that companies fostering a spiritual environment tend to have employees who are more creative, loyal, productive, and adaptive to change. On reviewing over 140 academic articles on spirituality and organization performance, Karakas (2010) found that spirituality helps employees in five aspects: quality of life, purpose, meaningfulness, interconnection with the customers, and purpose community. Spirituality is a concept that correlates with employees’ behavior in the workplace and the company’s productivity (Escobar & Viader, 2013). On the other hand, Spirituality in the Workplace is an uplifting force and a vital principle that motivates entrepreneurs to lead a business to better serve people beyond to obtain gains (Chawla & Guda, 2013; Raco et al., 2019). Robles (2011) found that 76% of participants said it helps employees be more productive in their organizations. Furthermore, that investigation found that 72.6% said spirituality helps make better decisions in the workplace, while 78.4% said spirituality could help give the job a sense, meaning, and purpose. Several authors have found that highly spiritual people better perform and show their spirituality through their actions. A high level of spirituality is a quality all leaders should have. The programs and aid for the employees should consider the spiritual dimension of the person (Escobar & Viader, 2013; Robles, 2011; Santiago, 2007).

These mentioned authors’ contributions support the idea that spirituality positively increases desired outcomes from employees.

2.2 Service Profit Chain

During the 1990s arose a new tendency of investing in the employee’s well-being in the workplace (Heskett et al., 1994). Managers needed to measure if such
investments resulted in revenue growth and profitability. These authors propose the Service Profit Chain model. This model has two main variables: the Internal Quality Service and the External Service Value.

The Internal Service Quality measures the employee’s relationship with the company. On the other hand, External Service Value measures the employee’s interaction with the customer (Heskett et al., 1994).

Practitioners and academics have thoroughly used this model (Heskett et al., 1994; Maxham et al., 2008). Many models in the literature have been applied mainly through the manager or customer perspective, using samples of either managers or customers (Maxham et al., 2008).

In their study, Maxham et al. (2008) apply this model to the retail industry, considering employees’ perceptions. They found employees’ perception of their workplace environment had significantly affected their performance and customer evaluations. Their study did not include spirituality. Our article intends to discover whether spirituality in the workplace influences The Internal Service Quality and External Service Value.

2.3 Internal Service Quality (ISQ): Employee Satisfaction, Productivity Commitment

Gil-Flores (2007) points out that since the 80’s, the executives’ perception of the employees has evolved from a cost-minimizing perspective to an employee’s value contribution. A performance definition is “the way an employee executes their assigned functions and duties in agreement with the mission and objectives the company established, demonstrating on the exercise of its functions and duties to possess the required competencies for the job position he occupies” (Gil-Flores 2007, p. 22).

They recognize that social capital development positively influences the organization’s wellbeing and competitiveness. Researchers established that a healthy organizational culture leads to organizational effectiveness. On this point, Gil-Flores (2007) argued the importance of developing human capital to optimize performance. It is about developing the human capital and keeping it motivated through the work process. Motivation is especially relevant for employees in sales-oriented companies (Echchakoui & Ghilal, 2019).

People manifest energy, enthusiasm, and passion in the workplace when they experience meaning and closeness with the organization (Maxham et al., 2008). It leads to better management, more productivity, and better results. Employees with high job satisfaction show a positive and constructive attitude towards their organization. Individuals with low levels of job satisfaction have negative feelings and performance (Adiguzel et al., 2020).

The success of organizations that offer services and products dramatically depends on customers’ satisfaction who consume their products and services. Customer loyalty is achieved when expectations are fulfilled through the quality
of service (Maxham et al., 2008). It is essential to develop employees to fulfill the customers’ expectations effectively. In their study, Heskett et al., (1994) found that in organizations of icon services, executives understand they need to focus on customers and first-line workers and focus on factors that generate profit, such as supporting renovated recruitment practices, compensation, and training. They include a new vision of leadership based on giving importance to the spiritual and the mundane. Heskett et al., (1994) theoretically calibrate the impact of employees’ satisfaction. They affirm that satisfied, loyal, and productive employees create organizational value. Employees’ productivity influences customer loyalty and satisfaction (Maxham et al., 2008).

2.4 External Service Value (ESV): Customer Satisfaction and Loyalty

“Many studies have indicated that a 5% in customer satisfaction and loyalty can boost profits from 20% to 85%” (Safi & Alagha, 2020, p. 767). To attract new customers is five times more costly than keeping loyal to the existing ones (Safi & Alagha, 2020). On the other hand, Carreon (2014) states that up to 72% of lost customers in retail companies are due to poor service. Many authors recognize the importance of customer satisfaction and Loyalty to achieve service quality (Cachón-Rodríguez et al., 2019; Vecino, 2013).

Most attempts to define service quality consider the difference between the service expected and service experienced (Safi & Alagha, 2020). Some authors proposed models of disconfirmation that consider customer satisfaction the cause of the difference between service expected and service experienced (Safi and Alagha, 2020). Loyalty and customer satisfaction are different concepts. “Not all satisfied customers are loyal” (Safi & Alagha 2020, p. 774).

The Gap Analysis Model of Parasuraman et al. (1985) proposes the service experienced is inferior to the service expected due to gaps in service quality. This model considers the provider’s ability, willingness, and competitiveness essential to close such gaps. The salesperson needs to have what it takes to achieve customer satisfaction and loyalty in the retail industry since he is often directly interacting with the customer (Carreon, 2014; Vecino, 2013).

The literature points out the employees’ perspective is essential. Safi and Alagha (2020) cite many studies regarding service quality, most of them from the customer perspective, using a sample of customers. This research addresses the quality of service from the employee’s perspective, using a sample of employees.

Our External Service Value variable is based on the Heskett et al., (1994) model. We operationalize this latent variable considering customer satisfaction and loyalty. Based on the above-presented literature, we define customer satisfaction as when service experience meets service expectations. Loyalty is defined as a returning customer.
2.5 The Proposed Model

Because our proposed model has been seldomly tested, we chose a proven technique to measure latent variables relationships. The Structural Equation Model-Partial Least Square (SEM-PLS) has proven reliable working with latent variables. Researchers such as Chawla and Guda (2013), Counted et al., (2018), Daniel (2019), Padney et al., (2009) have published models regarding the influence of spirituality in the workplace with either employees or customers SEM-PLS. Their results proved to contribute to the existing literature on the subject.

The SEM-PLS is suitable for small samples (Castro-González & Medina, 2017; Hair et al., 2017). Due to our research’s specific context, the Puerto Rico retail industry, a large sample was non-feasible.

We collected our sample in a shopping center. Out of the 132,033 workers in the retail industry, those in shopping centers account for nearly 25% of them (United States Census Bureau, 2017). Puerto Rico does not publish detailed official statistics on the retail industry’s employee profile. We use descriptive statistics to deduce our population demographics. To address this sample weakness, we used triangulation mixing SEM-PLS methods with expert debriefing.

Using mixed methods for triangulation increases information accuracy (Creswell, 2007; Denzin, 1978; Hussein, 2009; Le Compte & Goetz, 1982; Newman et al., 2013; Paul, 1996). The Structural Equation Model – Partial Least Square (SEM-PLS) is a quantitative tool, and expert debriefing is qualitative. Qualitative tools are appropriate to confirm information drawn from quantitative tools (Newman et al., 2013; Hussein, 2009; Paul, 1996; Denzin, 1978). Authors such as Newman (2013); Robles-Garrote and Rojas, (2015) establish the expert debriefing method for triangulation. Qualitative triangulation used to confirm research results enhances such results' validity and reliability (Le Compte & Goetz, 1982).

2.6 Theoretical Background

As mentioned before, our objective is to contribute additional support to the existing literature regarding the benefits of Spirituality in the Workplace (SPIRIT). Because this research is centered on SPIRIT, it was necessary to find a proper definition. The conceptual framework of this research rests on Mitroff et al. (2009) description of SPIRIT, which is “an essential feeling of interconnectedness to a whole being, to others and the entire universe” (Robles 2011, p. 6). This definition allows the following premises: (1) spirituality is neither formal nor organized nor structured; (2) spirituality is beyond all religions and includes all kinds of people; (3) it does not intend to gain followers and is the vital force that provides purpose and meaning to life (Mitroff et al., 2009). First, it is a widely used definition of Spirituality studies in the Workplace. Mitroff et al. (2009) definition of SPIRIT was considered a good to test spirituality in the workplace (Chawla & Guda, 2013; Jiménez-Martinez, 2015; Padney et al., 2009;
Robles, 2011). Second, it is regarded as one of the best definitions in separating Spirituality from religion (Jiménez-Martinez, 2015). This definition and the premises above help choose a model that does not tangle spirituality and religion.

Jimenez-Martinez (2015) previously presented the model used in this research. She validated and used this model in the Puerto Rican context. Furthermore, it answers our research questions. Jimenez-Martinez (2015) operationalized this model combining elements of Heskett et al., (1994) and Padney et al., (2009). We used Padney et al., (2009) to operationalize the variable of Spirituality in the Workplace (SPIRIT). We used Heskett et al., (1994) to operationalize the variables Internal Service Quality (ISQ) and External Service Value (ISV).

As in our study, Padney et al., (2009) model takes from Mitroff et al. (2009) definition to construct their model. Padney et al. (2009) study measures if the spiritual climate of the organization influences customers. We take Spirituality in the Workplace (SPIRIT) from this model because it is treated as a non-tangible variable. It is operationalized using the following indicators.

1. Optimism (OPT)
2. Harmony (HARM)
3. Work Enjoyment (ENJ)
4. Sense of Community (COMM)
5. Integrity (INT)
6. Transcendence (TRAN)
7. Respect to Diversity (DIVE)

Our model measures spirituality’s effect on the customers and its impact on employees.

We developed two research questions to meet this research’s objective: (1) Does Spirituality in the Workplace benefits employees’ wellbeing? and (2) Does Spirituality in the Workplace benefits the company’s relationship with their customers? Two variables were needed to answer these questions—one representing the employees’ wellbeing and another representing the company’s relationship with their customers. To operationalize customer relationships and employees’ wellbeing, we take ISQ and ISV from the Heskett et al. (1994) model. These are also treated as a non-tangible variable. The variable of Internal Service Quality (ISQ) represents the employees’ wellbeing and is operationalized using the following indicators: Employee’s Satisfaction (SATISFACT), Productivity (PRODUCTIVITY), and Commitment (COMMITMENT). The variable of External Service Value (ESV) represents the company’s relationship with its customers and uses the following indicators: Customer Satisfaction (CUST_SATISF) and Loyalty (LOYALTY). Heskett et al., (1994) model variables of Internal Quality Service and External Service Value have proven reliable in measuring employees and customer non-tangible benefits within the business context. Academics and practitioners alike have used The Profit-Value Chain (Heskett, 2009). Figure 1 shows the previously described model more explicitly.
3. Methodology

To reach our research objective, we use a model based on the following authors: Heskett et al. (1994), Mitroff, Denton & Alpaslan (2009); Padney et al., (2009). Jimenez (2015) previously validated and used our model.

Our research is empirical and uses a non-experimental design, using a mixed method combining quantitative and qualitative tools for triangulation purposes. We use the Structural Equation Model – Partial Least Square (PLS-SEM) to test the effect of spirituality in the workplace on the employee’s wellbeing and relationship with their customers. To confirm the sample’s demographics, we use the expert debriefing technique.

Our sample is limited to 131 participants, all employees of retail in a shopping center. The expert debriefing technique consists of unstructured interviews with four shopping centers managers to confirm our sample’s demographics. All interviewed experts are respected professionals in the shopping center and retail industry with over 20 years of experience. They requested us to keep their identity private.

3.1 Choosing the model

This research objective contributes additional support to the existing literature regarding the benefits of Spirituality in the Workplace (SPIRIT). Our two research
questions must be answered to meet our research objective, (1) Does Spirituality in the Workplace benefit employees’ workplace wellbeing? and (2) Does Spirituality in the Workplace benefit company’s relationship with their customers?. Employees’ wellbeing and good customer relationships are considered some of the most desirable benefits by companies (Chawla & Guda, 2013; Heskett et al., 1994; Mitroff et al., 2009; Safi & Algha, 2020). Internal Quality Service (IQS) was considered a proxy of employees’ wellbeing in the workplace. External Service Value (ESV) was considered a proxy for good customer relationships. Therefore, anything, including SPIRIT, that strengthens these variables is assumed to benefit the company, specifically retail stores. The model presented in Jiménez-Martínez (2015) was considered the most appropriate to reach this research objective. We developed seven hypotheses to answer the research questions.

3.2 Developing the Hypotheses

This research presents two hypotheses’ categories. Hypotheses $H_1A$ and $H_1B$ help answer the research questions. The remaining five hypotheses explain the constructs.

A. Hypothesis to answer: Does Spirituality in the Workplace benefits employees’ wellbeing?

- **Hypothesis $H_1A$:** Spirituality in the Workplace (SPIRIT) positively influences Internal Service Quality (ISQ).

B. Hypotheses Explaining the Constructs of variable ISQ

- **Hypothesis $H_1C$:** Internal Service Quality (ISQ) is related to employees’ job satisfaction (SATISFACT).
- **Hypothesis $H_1D$:** Internal Service Quality (ISQ) is related to the productivity of employees (PRODUCTIVITY).
- **Hypothesis $H_1E$:** Internal Service Quality (ISQ) is related to the commitment of employees (COMMITMENT).

C. Hypothesis to answer: Does Spirituality in the Workplace benefits employees’ wellbeing?

- **Hypothesis $H_1B$:** Spirituality in the Workplace (SPIRIT) positively influences External Service Value (ESV).

D. Hypotheses Explaining the Constructs of variable ESV

- **Hypothesis $H_1F$:** External Service Value (ESV) offered is related to customer satisfaction (CUST_SATISF).
• **Hypothesis H₁G:** External Service Value (ESV) is related to customer loyalty (LOYALTY).

### 3.3 Adapting Jiménez-Martinez(2015) Survey

This survey was adapted to our audience, employees of retail stores. Three professors with expertise in Spirituality in the Workplace validated the adapted survey. This survey has 26 questions and two sections. The first one collects sociodemographic data. The second one gathers data related to the effect spirituality in the Workplace has on Internal Service Quality and External Service Value. These questions use a Likert scale from 1 to 7, where the highest number means strongly agree, and the smaller one means strongly disagree. This scale allows measuring to what extent spirituality influences the Internal Service Quality and External Service Value.

### 3.4 Sampling

We calculated the sample size based on all the shopping center employees in Puerto Rico, with 365 employees. The sample was limited to employees of retail stores above 18 years old. This probabilistic sampling resulted in 187 participants considering a 5% error margin and a confidence level of 95%. Despite handling 200 surveys, only 131 were answered, resulting in 70% of the calculated sample. Because the sample was only limited to employees, answers regarding ESV are based on the employees’ observations, while those regarding PRODUCTIVITY are based on employees’ perceptions. We used expert debriefing to confirm our sample’s demographics.

### 3.5 Administering the Survey

The survey was administered in a popular shopping center with 84 retail stores, including fashion, electronics, dining, and entertainment, among others. We gathered management permission before administering the survey. Participation was voluntary.

### 3.6 Testing the Model

The validity and reliability of the variables and ultimately the model was tested using Cronbach alpha, average variance extracted, and composite reliability. It helps to ensure the model is robust enough to reveal reliable information. The model was analyzed using Structural Equation Model-Partial Least Square (SEM-PLS). This tool is more appropriate for non-tangible variables and is not limited to evaluating
linear relationships. SPIRIT, as well as ISQ and ISV, are non-tangible variables. These non-tangible variables are typically named constructs. We operationalized our model using SEM-PLS. Our model results were obtained using SmartPLS.3® (see Figure 2).

Figure 2. Proposed second-order SEM-PLS model and its relationship between latent variables and indicators

4. Research Results

4.1 Demographics

Our sample’s descriptive statistics had the following demographic characteristics:

1. Young – 89% were from 18-45 years old.
2. High education attainment – 58% has a college degree.
3. Mostly men – 69% are men.
4. Little experience in the industry – 43% had less than five years in the industry.
Compared to Puerto Rico’s general population, only 45% is between 18-45 years old (United States Census Bureau, 2019). The sample’s participants are also more educated since only 25.9% of the general population in the same age group has college attainment (United States Census Bureau, 2019). Men above 18 years old account for 47.6% of the general population. Puerto Rico does not publish official statistics on employee turnover in the industrial sector. The retail industry tends to employee’s high turnover. This industry has a 60% turnover (Aneja, 2021). In our sample, 43% of participants have less than five years of experience. We inferred high employee turnover in the local retail industry despite the high unemployment rate. Based on these findings, we could infer the profile of employees in the Puerto Rico retail industry is highly educated, young, with little experience, and primarily men.

However, the results of our expert debriefing showed some differences. All interviewed men in the expert debriefing agree that employees in the local retail industry are between 18-45 years old with a college degree and less than five years in the industry. They also agreed there are no salient differences between employees in retail stores in shopping centers and out. However, neither one could confirm these employees were primarily men.

Based on the triangulation results, we infer the population of the employees in the Puerto Rico retail industry has the following demographic characteristics. It is between 18 and 45 years old, with a college degree and little industry experience.

4.2 Results of the Model

When interpreting the results of the Structural Equation Model – Partial Least Square (SEM-PLS), one should observe the following statistical indicators: path coefficient, t-statistics, p-values, $R^2$, adjusted $R^2$, and Pearson correlation.

Relationships between Constructs

The hypotheses regarding the constructs are the following:

**Hypothesis $H_{1A}$**: Spirituality in the Workplace (SPIRIT) positively influences Internal Service Quality (ISQ).

**Hypothesis $H_{1B}$**: Spirituality in the Workplace (SPIRIT) positively influences External Service Value.

This section explains why our hypotheses were not rejected. In our model, Spirituality in the Workplace is the dependent variable, while the constructs of Internal Service Quality and External Service Value are the independent variables. The model
was structured this way as our research questions intended to evaluate the effect Spirituality in the Workplace has on Internal Service Quality and External Service Value.

The constructs of Spirituality in the Workplace show a path coefficient towards Internal Service Quality of 0.738. The path coefficient towards External Service Value is 0.644 and it quantifies the impact on the dependent variables. These results show that Spirituality in the Workplace affects 73.8% of Internal Service Quality and 64.4% of External Service Value.

To test the significance of the path coefficients, t-statistics must be equal to or above 1.96, while p-values must be equal or below to 0.05. The path coefficient of Spirituality in the Workplace towards Internal Service Quality shows a t-statistic of 16.398 and a p-value of 5.68 E-14. The path coefficient of Spirituality in the Workplace towards External Service Value shows a t-statistic of 16.368 and a p-value of 5.68 E-14. Based on these results, the path coefficient of Spirituality in the Workplace towards Internal Service Quality and External Service Value is significant (see table 1).

Table 1. Path Coefficients, T statistics, P-Value and Hypotheses of Proposal Model

<table>
<thead>
<tr>
<th>Structural Relationships</th>
<th>Path Coefficients</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Service Value → Customer</td>
<td>0.954</td>
<td>100.242</td>
<td>5.68 E-14</td>
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<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>External Service Value → Loyalty</td>
<td>0.854</td>
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<td>5.68 E-14</td>
<td>( H_{IG} )</td>
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<tr>
<td>Internal Service Quality → Commitment</td>
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<td>53.933</td>
<td>5.68 E-14</td>
<td>( H_{IE} )</td>
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<tr>
<td>Internal Service Quality → Productivity</td>
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<td>44.329</td>
<td>5.68 E-14</td>
<td>( H_{ID} )</td>
</tr>
<tr>
<td>Internal Service Quality → Satisfaction</td>
<td>0.952</td>
<td>111.461</td>
<td>5.68 E-14</td>
<td>( H_{IC} )</td>
</tr>
<tr>
<td>Spirituality → External Service Value</td>
<td>0.644</td>
<td>12.834</td>
<td>5.68 E-14</td>
<td>( H_{IB} )</td>
</tr>
<tr>
<td>Spirituality → Internal Service Quality</td>
<td>0.738</td>
<td>16.368</td>
<td>5.68 E-14</td>
<td>( H_{IA} )</td>
</tr>
</tbody>
</table>

Authors Creation; source: SmartPLS.3®, Ringle et al., 2015

From table 2, the \( R^2 \) and adjusted \( R^2 \) help determine the proportion of the variance of independent variables on the dependent variable. As opposed to the \( R^2 \), the adjusted \( R^2 \) helps find if there are too many variables that are artificially increasing \( R^2 \). The Internal Service Quality has an \( R^2 \) of 0.544 and an adjusted \( R^2 \) of 0.541. The External Service Value has an \( R^2 \) of 0.415 and an adjusted \( R^2 \) of 0.411. These results show that the model is not affected by the number of variables. The resulting \( R^2 \) and adjusted \( R^2 \) are suitable since our model is second order (Castro-Gonzáles & Medina, 2017; Sutton et al., 2018).
The two independent constructs of Internal Service Quality and External Service Value present a Pearson correlation of 0.857, which means these two constructs are closely related. The Pearson correlation between the dependent construct of Spirituality in the Workplace and the independent construct of Internal Service Value is 0.738. The Pearson correlation between the dependent construct of Spirituality in the Workplace and the independent construct of External Service Value is 0.644. Although the Pearson correlations of each independent construct with the dependent construct are within acceptable levels (Castro-Gonzalez & Medina 2017; Sutton et al., 2018), the correlation between the independent constructs of Internal Service Quality and External Service Value is stronger than the correlation between each of the independent construct and the dependent construct of Spirituality in the Workplace.

The Pearson correlation among the two independent constructs is 0.857. The Pearson correlation between Spirituality in the Workplace and Internal Service Quality is 0.738. Spirituality in the Workplace and External Service Value show a Pearson correlation of 0.644. The two independent constructs have a stronger relationship between themselves than with the dependent construct.

We measured it for internal validity, convergent validity, and composite reliability to ensure our model's validity. For a model to have composite reliability and internal validity, the constructs must have composite reliability of 0.70 or above and a Cronbach alpha of 0.70 (González-Rendon et al., 2012; Castro-Gonzáles &
Medina, 2017). The construct’s average variance extracted must be above 0.50. (Castro-Gonzáles & Medina, 2017; González-Rendon et al., 2012).

On the other hand, the Cronbach alpha shows a cause-effect relationship between Spirituality in the Workplace and the other two constructs in the model. The Internal Service Quality has a Cronbach alpha of 0.947, while the External Service Value shows a value of 0.870. Having both constructs Cronbach alpha above 0.70, our model shows composite reliability at the second order. These values establish the existence of a relationship between the constructs in the model (see table 3)

<table>
<thead>
<tr>
<th>Latent variables</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>0.838</td>
<td>0.903</td>
<td>0.756</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.912</td>
<td>0.945</td>
<td>0.851</td>
</tr>
<tr>
<td>External Service Value</td>
<td>0.870</td>
<td>0.910</td>
<td>0.673</td>
</tr>
<tr>
<td>Internal Service Quality</td>
<td>0.938</td>
<td>0.947</td>
<td>0.579</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.635</td>
<td>0.840</td>
<td>0.726</td>
</tr>
<tr>
<td>Productivity</td>
<td>0.857</td>
<td>0.904</td>
<td>0.703</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.829</td>
<td>0.887</td>
<td>0.665</td>
</tr>
<tr>
<td>Spirituality</td>
<td>0.930</td>
<td>0.944</td>
<td>0.706</td>
</tr>
</tbody>
</table>

Authors Creation; source: SmartPLS.3®, Ringle et al., 2015

On the other hand, the Cronbach alpha shows a cause-effect relationship between Spirituality in the Workplace and the other two constructs in the model. The Internal Service Quality has a Cronbach alpha of 0.947, while the External Service Value shows a value of 0.870. Having both constructs Cronbach alpha above 0.70, our model does have internal validity at the second-order level. Furthermore, the Internal Service Quality and the External Service Value average variance extracted above 0.50, 0.579, and 0.673, respectively. At the second-order level, our model is replicable under similar circumstances.

The hypotheses \( H_1A \) and \( H_1B \) could not be rejected. We found Spirituality in the Workplace has a significant causal effect on Internal Service Quality and External Service Value. Spirituality in the Workplace has a stronger impact on Internal Service Quality than on External Service Value. Hesket’s (1994) Profit Value Chain proposes that Internal Service Quality affects External Service Value. One can infer that Spirituality in the Workplace on External Service Value is rather indirect through the Internal Service Quality.
Relationships of Constructs and its Indicators

The hypotheses regarding the indicators are the following:

**Hypothesis H1:C**: Internal Service Quality is related to employees’ job satisfaction.
**Hypothesis H1:D**: Internal Service Quality is related to the productivity of employees.
**Hypothesis H1:E**: Internal Service Quality is related to the commitment of employees.
**Hypothesis H1:F**: External Service Value offered is related to customer satisfaction.
**Hypothesis H1:G**: External Service Value is related to customer loyalty.

This section explains these hypotheses were not rejected. To ensure our model is robust, it is essential to find whether the path coefficients of the constructs of Internal Service Quality and External Service Value towards its indicators are significant. The Internal Service Quality has three path coefficients for its three indicators. These are commitment, productivity, and satisfaction. The three path coefficients are above 0.90. These three are significant since all t-statistics are above 1.96 and p-values are below 0.05. The relationship of these two constructs with their indicators is found to be significant.

The Pearson correlation between Internal Service Quality and its indicators of commitment, productivity, and satisfaction is above 0.90. The Pearson correlation between External Service Value and its customer satisfaction and Loyalty indicators are 0.954 and 0.854, respectively. The Pearson correlations indicate that the indicators' relationship with its independent construct is strong. It means the indicators of commitment, productivity, and satisfaction properly reflect Internal Service Quality while the indicators of customer satisfaction and loyalty properly reflect External Service Value.

To ensure the robustness of the model is essential to check the Pearson correlation between indicators of each construct. The Internal Service Quality indicators are commitment, productivity, and satisfaction. The Internal Service Quality Indicators show the following Pearson correlations: commitment and productivity 0.768, commitment and satisfaction 0.857, and productivity and satisfaction 0.664. The External Service Value indicators’ are customer satisfaction and loyalty. The Indicators of the External Service Value construct show a Pearson correlation of 0.659.

An indicator belongs to the construct with which it has a stronger relationship. The indicators commitment, productivity, and satisfaction show Pearson correlations of 0.919, 0.925, and 0.925, respectively, with Internal Service Quality. These indicators have weaker correlations with External Service Value and Spirituality in the Workplace. Customer satisfaction and loyalty indicators show a Pearson correlation of 0.954 and 0.854, respectively, with External Service Value. These indicators have weaker correlations with Internal Service Quality and Spirituality in the Workplace. It shows that indicators of the model are where they fit best.
These indicators are tested to ensure a model has composite reliability and internal validity. All indicators showed to have convergent validity and composite reliability. Only Loyalty did not show internal validity, having a Cronbach alpha below 0.70. It supposes that Loyalty, although related to Spirituality in the Workplace, lacks a cause-effect relationship.

5. Results’ Discussion

The retail industry is one of the biggest employers in Puerto Rico, with over 20% of workers. No official documents describe these employees’ profiles. Our research shows they are primarily young men with high educational attainment. We verified this information with informal interviews with experts in the industry because there is no official publication describing the profile of the Puerto Rican retail sector.

The retail industry of Puerto Rico’s average wage is $8.69 hourly. It is lower than the average Puerto Rican worker wage of $13.91 hourly (Departamento del Trabajo y Recursos Humanos, 2017). Furthermore, this industry suffers high turnover. These points suggest a lack of employee satisfaction.

We noticed the Puerto Rican retail industry could benefit from increased employee satisfaction. Existing literature supports that spirituality in the workplace increases satisfaction. Furthermore, it supports that employee satisfaction improves productivity, commitment, and better relationships with customers. This research shows that increasing spirituality in the workplace is also beneficial in the context of the retail industry of Puerto Rico.

Answers to research questions follow:

• Spirituality in the workplace do benefit employees’ wellbeing.

Literature in spirituality points out the importance of employee wellbeing and how spirituality increases it. We wanted to find whether spirituality improves employees’ wellbeing in the Puertorrican retail industry. Most employees in this industry have high educational attainment. However, the average retail industry employee’s earnings are much lower than the average worker's in Puerto Rico. This industry suffers high levels of turnover. These points suggest employees lack workplace satisfaction. Our model shows spirituality can effectively address this lack of satisfaction. Furthermore, it shows spirituality increases productivity and commitment as well. We infer that including spirituality in the workplace benefits employee’s wellbeing.

• Spirituality in the workplace does benefit the company’s relationship with its customers.

As seen in the literature review, the importance of customer satisfaction has been widely discussed. Most companies in the retail industry highly depend on customer
satisfaction to stay in business. Our model shows employees’ spirituality increases both customer satisfaction and loyalty. Employee spirituality has a more substantial effect on customer satisfaction than on loyalty. Employee spirituality positively impacts both variables but is stronger in customer satisfaction than in loyalty. We infer the following:

a. Satisfied customers are not always loyal,
b. Satisfied customers are often loyal

These inferences are in line with existing literature. The model shows the positive effect of employees’ spirituality on customer satisfaction and loyalty is strong enough to be beneficial. We can say spirituality in the workplace is valuable to a company’s relationships with its customers.

6. Conclusion

This research supports that spirituality in the workplace increases employees’ wellbeing and improves the company’s relationship with customers. More specifically, spirituality in the workplace positively impacts employees’ productivity and commitment. Furthermore, it enhances customer satisfaction.

Building a sound theory requires a variety of research on broad and narrow contexts. Testing intangible phenomena such as spirituality in the workplace can be difficult, especially in narrow contexts. Research on this subject is necessary for developing adequate tools managers can use to implement spirituality in the workplace and measure its effects efficiently.

6.1. Contribution

Academics have widely studied spirituality in the workplace, providing valuable knowledge. For a theory to be sound, it must pass the test of time and apply to many specific contexts. Our research provides evidence of the positive effects of spirituality in the workplace on employees’ wellbeing and the company’s relationship with its customers. The most important contributions of our research are: (1) It supports the benefits of spirituality in the workplace apply to the specific context of the retail industry of Puerto Rico; (2) It provides a quantitative model to apply in contexts where large samples are non-feasible, plus a triangulation technique to address the sample’s weaknesses.

Managers and practitioners often find measuring intangible variables such as spirituality challenging. Our quantitative model can help create tools to measure the results of including spirituality in the workplace. Similarly, policymakers can use our model in developing tools to measure the effects of changes in current policies.
They can also create tools to identify possible problems with new policies before implementing them.

6.2. Limitations

We collected this research sample in a shopping center, leaving out retail employees elsewhere. Furthermore, the sample is 30% smaller than previously planned. We used the expert debriefing technique for triangulation purposes. This research has the following limitations.

- Puerto Rico does not publish official statistics of the employees in the local retail industry. Most local statistics tend to take several years to be published. We attempted to use the most up-to-date available data, such as the American Community Survey of 2019.
- This research does not consider the effects of COVID-19
  - For the productivity indicator, we used employees’ perceptions rather than actual productivity measurements.
  - The Structural Equation Model-Partial Least Square allows drawing a causal conclusion (Hair et al., 2017). However, more studies using other causal techniques should be used before confidently concluding with a causal relationship.
  - Our model does not consider how much spirituality in the workplace benefits the External Service Value (ESV) directly and how much it is through the Internal Service Quality (ISQ).

6.3. Future Research

The most evident recommendation is to apply our model in different contexts. Researchers can also modify the model to test spirituality’s direct effect on External Service Value versus its indirect effect through Internal Quality Service.

References


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