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SPIRITUAL CAPITAL – A NEW PARADIGM TO IMPROVE CORPORATE PERFORMANCE

DR. MADHUMITA CHAKRABARTY

Abstract

The word “Capital” is used in a wider sense. The Oxford English Dictionary defined capital as “that which confers wealth, profit, advantage or power” (Pandey, 2016). Spiritual Capital is the fourth element of capital in an organization. In a broader outlook, “Spiritual capital” is a new paradigm, which requires that we radically change our mind-set about the philosophical foundations and the practice of business. The study is an attempt to reveal the impact of spiritual capital on overall corporate performances. Spiritual capital is the set of values, ethical point of view and visions for change held by individuals, groups and institutions. It has been shaped not only by systems and practices of belief, but also by engagement with wider sets of relationships, and the sense of meaning and purpose derived from work-based and other activities.

Keywords: spiritual capital, organization, corporate performance, management, motivation, reputation.

Introduction

In the Oxford English Dictionary, capital is outlined as “that which confers wealth, profit, advantage or power” (Pandey, 2016). The wealth that makes the globe to go spherical is material wealth. The definition of wealth expands to incorporate all products and resources having value in terms of exchange or use. Profit is material profit. Advantage confers material advantage, and is measured in money or in power to maximize its stakeholders’ interests. Shri Krishna in Shrimad Bhagavad Gita concerned about ‘Daiveeya Sampada’. Johar and Marshall (2004) explained these ‘Daiveeya Sampada’ in business perspective and unleashed a brand new term ‘Spiritual Capital’. The emergence of the theory of spiritual capital owes its origins to the

prevalence of social capital concept as the major theoretical tool that has driven social policy within US and Europe. Spiritual capital itself is not financial wealth, but it argues the possibility of making a profit by doing business in a wider sense and value. It can generate profit that both attracts on and adds to the wealth of the human spirit and to general human well-being. The main features of Spiritual Capital are as follows:

- Belief in answering to higher or deeper moral orders, expressed in commitment to such values as truth, self-knowledge and understanding, right action, and the goal in life as well as wider meanings (how beliefs inform values).
- Sense of being a part of or connected to wider relationships extending to belief in wider communities, both nationally and internationally (where we work in).
- The sense of employment as meaning and potential (what we do).

All forms of organizational capital have implications on organizational outcomes.

Type of capital	Management objectives	Management elements
Material Capital	Effective use of material resources.	Management of material resources (e.g. fixed assets, maintenance).
Social Capital	Effective employee management.	<ul style="list-style-type: none"> – Employee management. – Organizational structure. – Incentive system. – Process management.
Human/ Intellectual Capital	Enhancement of employees' knowledge and skills.	Knowledge management (training, education).
Spiritual Capital or Relationship Capital	Building of organizational culture (employees' behaviours) based on moral principles and ethics. Leadership based on spiritual values (e.g. integrity, ethical conduct).	<ul style="list-style-type: none"> – Selection of employees. – Formulation of objectives based on ethics and spiritual development.

[Source: Zymonik and Dobrowolska, (2015) - Zarz¹dzanie i Finanse Journal of Management and Finance Vol. 13, No. 2, 2015]

Statement of the Problem

According to Martinez et al. (2005), Spiritual Capital includes both tangible and intangible

assets, that emanate from the spirit of an organization’s management, employees, staff, and which impact the spiritual condition of all organizational participants (internal as well as external). All organizations more or less have spiritual capital, some have developed it more than others, and a few have it of greater quality. Spiritual capital provides moral and motivational framework. It makes an enterprise or society sustainable. This study aims to investigate how spiritual capital can improve Corporate Performance and its individual outcomes.

Literature Review

Author	Findings
Rajan, Sudhir Chella (2009)	There is indeed a deep-seated message of renunciation of material possessions and of sharing of wealth that apparently endured through the 20th century. On the other hand, there seems to have little or no use made of this legacy, except perhaps in rhetoric, notwithstanding numerous forms of philanthropic activity.
Canda (1988)	In addressing the nature of spirituality, suggests that it is the “human striving for a sense of meaning and purpose through moral relations between people and ultimate reality,” noting that many organizational endeavors, such as social work and services, are ultimately dealing with spiritual matters.
Weick, K (1979)	Early in the life of the organization, individuals enter into organizational participation with their own personal goals at the end for which their efforts are expended. Administrative systems emphasize the management of individuals and processes by lower and middle level managers, while higher level executives are tasked with more noble pursuits such as the elevation and preservation of the institution.

Objectives of the Study

The study aims

- ⦿ To introduce and explore spiritual capital as an organizational asset
- ⦿ To identify business organizations that exhibit high levels of spiritual capital.
- ⦿ To assess the effectiveness of Spiritual Capital on the overall performance of Business Organizations.

Research Methodology

The study is descriptive in nature based on Qualitative Data. All Secondary data collected from

published and unpublished research papers and articles of Journals, E-Journals, Websites, Newspapers and Reports. Stratified Random Sampling Method has been used to select samples. The samples are mutually exclusive. Samples - Six leading companies, which are the major players in their respective industries, are selected. The samples are analyzed based on some attributes.

Research Gap

There is not much empirical work done on spiritual capital, only a few researchers did empirical work on spiritual capital but no one reflected the effect of spiritual capital on life satisfaction, work adjustment and work motivation. It is only in recent years, researchers and practitioners have begun to focus on the spiritual aspect of organizations. Keeping this in mind, this topic is selected to see whether there is any impact of spiritual capital on Business Organizations. It is expected that spiritual capital influences firm outcomes through (at least) the following factors: enhanced organizational reputation, a healthy corporate culture, teamwork, and a highly motivated workforce and customer satisfaction. These factors are very much important for the growth and profitability of an enterprise.

Analysis and Discussion

Some Business organizations are built for speed, efficiency and innovation; others focus on quality, service and care. Many are recognized as the instruments of wealth generation (Batstone, 2003).

Southwest Airlines has prospered while many airlines have disappeared. Southwest has the lowest costs in the airline industry but pays the highest wages. It is able to do this by having the most productive employees in the airline industry (<https://www.investopedia.com>).

John P. Mackey, CEO and co-founder of Whole Foods Market, asserts that customer satisfaction is more important than profit maximization. He is an advocate for what is referred to as values-driven capitalism. The firm has to consciously work to improve society and not rely solely on the “invisible hand” of the marketplace to achieve this result (Nocera, 2006).

Sant and Bakke founded AES (*Applied Energy Services*), a power company, with the understanding that they would be socially responsible as well as profitable (Paine, 2003: 182-197). In fact, they “embedded” honesty, concern for the environment, empowerment, diversity, and values into the essence of the company. The company’s website (<http://www.aes.com/about-us/mission-vision-values-and-culture/default.aspx>) notes that these are the “mission, vision, values, and culture” at AES. At AES, improving lives and making a lasting difference in the communities in which their businesses operate is a core part of their values and mission.

Table 1 Spiritual Capital used by Multinational Companies

Name of Company	Tata Steel Limited	ITC Ltd.	Hindustan Unilever Ltd. (HUL)
Ideal work culture	✓		
Good Industrial relations	✓		✓
Employee wellness	✓	✓	✓
Employees’ motivation enhancement	✓		
Eco-friendly products	✓		
Long-term relationship with customers/ Value, Quality and satisfaction	✓	✓	✓
Innovation	✓	✓	✓
Moral & ethics	✓	✓	✓
Transparency & integrity	✓	✓	✓
Use of Renewable Energy/ Energy Conservation	✓	✓	✓

(Source: Tata Steel Limited - Board’s Report 2018-2019, ITC’s Vision, Mission and Values, ITC Auditors Report - Business Standard News, ITC Report and Accounts - 2020, <https://www.itcportal.com/sustainability/index.aspx>, HUL Annual Report 2018-19)

Table 2 Spiritual Capital used by PSUs

Name of Company	Indian Oil Ltd. (IOL)	Bharat Heavy Electricals Ltd. (BHEL)	Oil and Natural Gas Corporation (ONGC) Ltd.
Ideal work culture	✓	✓	
Good Industrial relations	✓	✓	✓
Employee wellness	✓		✓
Employees’ motivation enhancement		✓	✓

Eco-friendly products/ Value & Quality product	✓	✓	✓
Long-term relationship with customers/ Customer satisfaction	✓		✓
Innovation	✓	✓	✓
Moral & ethics	✓	✓	✓
Transparency & integrity	✓	✓	✓
Use of Renewable Energy/ Energy Conservation	✓	✓	✓

(Source: IOL Annual Report 2019-20, BHEL Annual Report 2019-2020, ONGC Annual Report 2019-2020)

Ten components of Spiritual Capital have been taken under consideration for the study (*Refer Table 1 and Table 2*). A Score Card based on Table 1 and Table 2 exhibits that –

Tata Steel Limited scored 10 in a 10-point scale

ITC Ltd. scored 6 in a 10-point scale

HUL scored 7 in a 10-point scale

IOL scored 9 in a 10-point scale

BHEL scored 8 in a 10-point scale

ONGC scored 9 in a 10-point scale

These companies are major players in their respective fields. They are having at least 6 (six) components of Spiritual Capital (ranging from 6-10).

Table 3 Awards and Recognitions

Company	Awards and Recognition of the Companies				
Tata Steel Limited	CII Eastern Region Productivity Award for overall improvement in productivity	'Golden Peacock Award for Risk Management' for 2018	India Risk Management Awards for Best Risk Management Framework & Systems under the 'Metals & Mining' and 'Risk Governance'		
ITC Ltd.	First Prize in 5 categories at the Public Relations Society of India (PRSI) National Awards 2019	'IGBC Green Factory Building – PLATINUM' Certification 2019	Saharanpur unit was awarded 'Excellent Energy Efficient Unit' and the Kidderpore & Munger units were awarded 'Energy Efficient Unit' in CII National Award for Excellence in Energy Management – 2019	'Golden Trophy Sarvashreshtha Suraksha Puraskar Safety Awards 2019' by National Safety Council of India (NSCI).	Best Environment Award from CII and the National Safety Award from the Ministry of Labour and Employment, New Delhi.

Hindustan Unilever Ltd. (HUL)	Most Innovative Company in India, in Forbes' list of The World's Most Innovative Companies 2018 and ranked 8 th	The People Matters - Best in Employee Wellness Award 2019	One of the Best Employers for the year 2018	Social And Business Enterprise Responsible Award	
Indian Oil Ltd. (IOL)	National Level Green Chemistry Award for Innovation	National Energy Conservation Award Consecutively 10 years (2005 to 2014 and 2016)			
Bharat Heavy Electricals Ltd. (BHEL)	20 Vishwakarma awards won by 88 BHEL employees	9 National Safety Awards for outstanding achievements in terms of the longest accident-free period and lowest accident frequency rate	Safety Innovation Award 2019 by The Institution of Engineers, Indian Green Energy Award 2019 for 'Outstanding Renewable Energy Generation Projects	Golden Peacock Environment Management Award 2019 in engineering sector for exemplary contribution to environment management	National Best Employer Brand Award 2019
Oil and Natural Gas Corporation (ONGC) Ltd.	Best in 'Operational Performance Excellence'	18th Annual Greentech Safety Award 2019 for outstanding achievements in Safety Management.	Global Energy Awards, 2019		

(Source: Tata Steel Limited - Board's Report 2018-2019, ITC's Vision, Mission and Values, ITC Auditors Report - Business Standard News, ITC Report and-Accounts – 2020, HUL Annual Report 2018-19, IOL Annual Report 2019-20, BHEL Annual Report 2019-2020, ONGC Annual Report 2019-2020)

Findings (Refer Table 1, 2 and 3)

Tata Steel Limited - By utilizing the components of Spiritual Capital (ideal work culture, good industrial relations, employee wellness, enhancement of employees' motivation, eco-friendly products), Tata Steel Limited received CII Eastern Region Productivity Award for overall improvement in productivity, 'Golden Peacock Award for Risk Management' for 2018, India Risk Management Awards for Best Risk Management Framework & Systems under the 'Metals & Mining' and 'Risk Governance'.

ITC Ltd. – By utilizing the components of Spiritual Capital (ideal work culture, employee wellness, long-term relationship with customers/ value, quality and satisfaction, moral & ethics, transparency & integrity, Renewable energy/ energy conservation), ITC Ltd. received First Prize in 5 categories at the Public Relations Society of India (PRSI) National Awards 2019, 'IGBC Green Factory Building – PLATINUM' Certification 2019, The Saharanpur unit was awarded 'Excellent Energy Efficient Unit' and the Kidderpore & Munger units were awarded 'Energy Efficient Unit' in CII National Award for Excellence in Energy Management – 2019, 'Golden Trophy Sarvashreshtha Suraksha Puraskar Safety Awards 2019' by National Safety Council of India (NSCI), Best Environment Award from CII and the National Safety Award from the Ministry of Labour and Employment, New Delhi.

HUL - By utilizing the components of Spiritual Capital (Good Industrial relations, employee wellness, long-term relationship with customers/ Value, Quality and satisfaction, innovation, moral & ethics, Renewable energy/ energy conservation), HUL received The World's Most Innovative Companies 2018, in Forbes' list and ranked 8th, The People Matters - Best in Employee Wellness Award 2019, One of the Best Employers 2018, Social and Business Enterprise Responsible Award.

IOL – By utilizing the components of Spiritual Capital (innovation, moral & ethics, transparency & integrity, Renewable energy/ energy conservation), IOL received National Level Green Chemistry Award for Innovation, National Energy Conservation Award (2005 to 2014 and 2016).

BHEL - By utilizing the components of Capital (ideal work culture, Good Industrial relations, employee wellness, motivation enhancement, eco-friendly products, innovation, moral & ethics, transparency & integrity, Renewable energy/ energy conservation) 20 Vishwakarma awards won by 88 employees of BHEL, 9 National Safety Awards for outstanding achievements in terms of the longest accident-free period and lowest accident frequency rate, Safety Innovation Award 2019 by The Institution of Engineers, Golden Peacock Environment Management Award 2019 in engineering sector for exemplary contribution to environment management, National Best Employer Brand Award 2019.

ONGC - By utilizing the components of Spiritual Capital (Good Industrial relations, employee wellness, eco-friendly products/ Value & Quality product, moral & ethics, transparency & integrity, Renewable energy/ energy conservation), ONGC received Best in 'Operational Performance Excellence', 18th Annual Greentech Safety Award 2019 for outstanding achievements in Safety Management, Global Energy Awards, 2019.

Table 4 Significant Impacts on Overall Corporate Performance

Presence of the factors of Spiritual Capital	Impact on Corporate Performance
Ideal work culture, Good Industrial relations, employee wellness, Employees' motivation enhancement	Increase in Workers' Productivity
Eco-friendly products/ Value & Quality product, Long-term relationship with customers/ Customer satisfaction, Innovation	Increase in sales due to customer satisfaction and loyalty
Moral & ethics, Transparency & integrity,	Increase in Reputation
Use of Renewable Energy/ Energy Conservation	Reduction in cost

Findings

All of these factors have positive implications on company reputation, competitive advantage and profitability, but even more importantly, they also have implications on the well-being of internal and external organizational participants (customers and clients, employees, managers and leaders, shareholders and the society, at large).

Conclusion

- Many organizational participants in modern society are ignorant of spiritual issues and human spirituality. This has become particularly true in case of efficiency-oriented profitable enterprises.
- Non-profit service organizations ought to be most sensitive to the spiritual motivations behind their workers' presence.
- Organizational systems that disregard or undervalue spiritual capital are depriving employees and managers of significant resources that have competitive implications, but more importantly, in addition to that they have implications for the well-being of internal and external organizational participants (customers and clients, employees, managers and leaders, shareholders and board members, etc.).
- It is feasible that larger organizations are most challenged in developing an awareness of the spiritual needs, and hence also the spiritual strength, of their employees and customers.
- A stream of research analysis and literature is developing that takes very seriously the spiritual components of organizational life.

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