
SPIRITUAL CAPITAL IN MODERN ORGANIZATIONS

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ABSTRACT

Modern firms succeed and fail primarily on the strength of their stores and use of various types of capital, such as financial, social, human, physical, etc. In light of a resurgence of interest in the spiritual element ever present in all organizations, we add spiritual capital to the lexicon of organizational assets. Our goals in this paper are three-fold. First, we introduce and explore *spiritual capital* as an organizational asset. Second, we explore the organizational design issues that lead to a lack of spiritual capital in modern organizations. Third, we consider for illustration purposes the example of strongly community-oriented organizations that exhibit high levels of spiritual capital. Specifically regarding spiritual capital, it is defined in this paper as assets, both tangible and intangible, that emanate from the spirit of an organization's managers, employees, staff and volunteers, and that *impact the spiritual condition of all organizational participants* (internal and external). Spiritual capital is understood in this paper to consist of five elements – spiritual sensitivity, spiritual leadership, spiritual survival, spiritual outreach, and spiritual motivation. Further, in order to understand better the implications of spiritual capital, we consider possible organizational and individual outcomes associated with high levels of spiritual capital.

INTRODUCTION

Modern organizations represent a wide range of opportunities for people to come together for common purposes. Some organizations are built for speed, efficiency, and innovation; others focus on quality, service, and care. Many are recognized as the instruments of wealth generation as they are the bastions of capitalist ideals and corporate libertarianism. Others are nonprofit entities developed to provide a service that is lacking in other

market mechanisms. Regardless of the type, there is a mounting concern that many organizations have no souls or have lost them somewhere along the way (Batstone, 2003). It is our premise that organizations and the administrative practices within them are in spiritual crisis, and we seek in this paper to discuss a most critical element of organizational life – the spiritual capital that may be a source of competitive advantage in certain contexts, a source of cooperative and collabora-

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tive strength in others, but in all a philosophical underpinning that also makes organizational life meaningful for those associated with it. The great lament is that, if each type of organizational resource exists in a metaphorical bucket, then the bucket of spiritual capital is mostly dry in most organizations.

Spiritual capital in this paper refers to assets, both tangible and intangible, that emanate from the spirit of an organization's management, employees, staff and volunteers, and that impact the spiritual condition of all organizational participants (internal and external). The concept of spiritual capital is discussed in greater detail below. In this paper, we first discuss the imperative driving our focus on the spiritual nature of organizations. We turn next to the various types of capital that organizations must have to survive and compete in a world of scarce resources. We then consider the evidence of spirit in organizations and discuss the dimensions of spiritual capital and its role in organizational life. After turning to a discussion of factors that have led to the diminishment of spiritual capital in modern firms, we conclude with an examination of the role of communities in developing high levels of spiritual capital.

THE SPIRITUAL IMPERATIVE

In modern societies, we have deified our institutions, as though they were living entities worthy of our greatest sacrifices and enduring glorification. These institutions, including businesses and nonprofit institutions, often become ends unto themselves, even more than the people who operate within them. Sociologist Karl Weick (1979) notes that, early in the life of the organization, individuals enter into organizational participation with their own personal goals as the ends for which their efforts are expended. Very soon, however, organizational actors have in common the survival and perpetuation of the organization as the paramount common objective. Within these modern institutions, administrative systems prevail that emphasize the management of individuals and processes by lower- and mid-level managers, while higher level executives are tasked with more noble pursuits such as the eleva-

tion and preservation of the institution. Business executives spend great resources in seminars and training experiences aimed at ensuring that the organization or corporation or institution outlives the individual. While this sentiment may indeed be a noble way of placing the importance of the organizational calling above individual pursuits, the consequence is that it tends to emphasize the immortal hopes for human institutions (e.g. the accounting assumption that firms are going concerns) while simultaneously highlighting the very mortal nature of physical humans who create and operate within the institutions. Alternatively, we may want to emphasize the everlasting nature of the human spirit relative to the fleeting reality of human creations. C. S. Lewis, in contemplating the glory of redeemed humanity, suggests that:

There are no ordinary people. You have never talked to a mere mortal. Nations, cultures, arts, civilizations [and organizations?] – these are mortal, and their life is to ours as the life of a gnat. But it is immortals whom we joke with, work with, marry, snub, and exploit – immortal horrors or everlasting splendors..... Next to the Blessed Sacrament itself, your neighbor is the holiest object presented to your senses (1980, p.19).

Somewhere between these two perspectives is the idea that both humans and human institutions are subject to spiritual influence. Theologian Walter Wink writes that:

...every business, corporation, school, denomination, sports team – indeed, social reality in all its forms – is a combination of visible and invisible, outer and inner, physical and spiritual. Right at the heart of the most materialistic institutions in society we find spirit.... We are on the brink of rediscovering soul at the core of every created thing (1998, p. 4-5).

It is this perspective that drives the present paper. That is, all things are subject to spiritual forces and influence, whether humans or the institutions those humans create. For this reason, it is of great concern that the spiritual realm is ut-

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terly ignored in most organizations in the modern capitalist context. We argue that spiritual capital may represent a key element in the creation of a new paradigm, especially in the capitalist world of the 21st century. Wink further notes that:

The world is, to a degree at least, the way we imagine it. When we think it to be godless and soulless, it becomes for us precisely that. And we ourselves are then made over into the image of godless and soulless selves (1998: 14).

As a result, we believe that organizational systems that disregard or undervalue spiritual capital are depriving employees and managers of vital resources that have competitive implications, but even more importantly, they also have implications for the well-being of internal and external organizational participants (customers and clients, employees and volunteers, managers and leaders, shareholders and board members, etc.). Again, C. S. Lewis is illuminating here:

It is a serious thing to live in a society of possible gods and goddesses, to remember that the dullest and most uninteresting person you can talk to may one day be a creature which, if you saw it now, you would be strongly tempted to worship, or else a horror and a corruption such as you now meet, if at all, only in a nightmare (1980, p.18).

With this in mind, we now consider the general role of capital in organizations, and then turn to explicating how spiritual capital, rightly understood, represents a key element in transforming modern organizations from alienating and exploitative administrative systems into nurturing, socially valuable institutions.

THE ROLE OF CAPITAL IN MODERN ORGANIZATIONS

Spiritual imperatives notwithstanding, organizational scholars have long understood that for-profit and nonprofit organizations all succeed or fail (in part) on the basis of their stores and use of capital resources. The question has always been more about which kinds of capital are most important and how these resources ought to be employed in the organization's efforts. In general, capital is a durable but not necessarily tangible resource or capability that yields services or benefits over its lifetime, thus contributing to the attainment of desired organizational outcomes (Oliver, 1997). In other words, capital aids the organization in its efforts to accomplish some purpose or end. Organizations develop many kinds of capital, some tangible, some intangible. For instance, the most familiar types of capital include financial, physical, human, intellectual, and social assets. These categories may overlap to some degree, but they each represent impor-

tant organizational elements in their own right, and they are each the subject of much study by organizational scholars.

FINANCIAL CAPITAL

Financial capital includes resources that enable an organization to acquire and employ other assets (capital) in pursuit of organizational objectives. Financial capital can be realized (e.g. cash; bank account contents) or potential (e.g. credit lines; debt ratings; etc.) Organizations gain their financial capital from various sources, depending on the size and type of organization. Typically, businesses acquire financial capital from personal accounts, loans, equity from the sale of ownership shares, or revenues from ongoing operations. Non-profit organizations gain capital from grants, donations, participant fees, and in some cases the proceeds of for-profit enterprises. Because of the variable nature of the sources of capital, organizations typically face many challenges in the acquisition of other physical assets. As a result, organizations may at times benefit greatly from the development of organizational slack, or excess resources aimed at buffering an organization from environmental uncertainty (Thompson, 1968), although not all organizations are likely to have the luxury of slack resources – e.g. those relying on contributed sources of financial capital.

PHYSICAL CAPITAL

While not always the most exciting topic of discussion, most organizations cannot function long without tangible assets such as buildings, tools and equipment. For the typical organization, this would include office facilities, mobile facilities, computer equipment, inventory, training tools and resources, and other productive assets. Often, firms are able to lease assets, or partner with other firms in order to share the cost and depreciation of physical assets. Many not-for-profits (NFPs) collaborate with for-profit enterprises or religious congregations to use building space, and they often receive donations of physical assets, such as used computer equipment and furniture.

HUMAN CAPITAL

It is true in most cases that the success of a firm is often determined by the caliber of its staff,

administrators, volunteers, and partners. Human capital refers not only to the people themselves, but also to the knowledge, skills, and abilities that they possess that are relevant to achieving organizational outcomes (Becker, 1964; Lepak, 1999). Naturally, different organizational contexts attract different kinds of people, depending on their sense of vocation or calling, as well as other factors. While most businesses recruit employees with pre-existing skills, they also offer some minimal, proprietary form of development or training. Firms are often staffed by people who have a wide range of knowledge, skills and abilities. Some are trained and qualified as professionals. However, because many NFPs rely on extensive volunteer support, the human capital present in NFPs is highly variable across and within firms. Nonetheless, the effectiveness of NFPs is just as dependent upon the assets inherent in its board, administration, staff and volunteers as is the effectiveness of for-profit enterprises on their board, management and employees.

INTELLECTUAL CAPITAL

An often overlooked aspect of the organizational portfolio is the value of the organization's collective knowledge. Intellectual capital refers to tangible and intangible assets that are related to "the knowledge and knowing capability of a social collectivity, such as an organization, intellectual community, or professional practice" (Nahapiet and Ghoshal, 1998: 245). The intellectual capital of a given firm consists of the organization's development over time of an understanding regarding the development of products or services, and all of the processes leading up to and following onto product/service delivery. Naturally, much of an organization's intellectual capital resides in its people, and thus there is a fine line between intellectual capital and certain elements of human capital. Intellectual capital also derives from some of an organization's tangible assets, such as policies and procedures manuals, patents, training materials, and other such materials. Further, most organizations develop over time a collective memory that allows organizational members to communicate and cooperate with minimal and efficient effort (e.g. Wexlar, 2002). As a result, organizations that have better learning capacities

will be rich in intellectual capital. Firms that are able to develop along the lines of a learning organization will be able to deliver services and accomplish other organizational objectives most effectively. Organizational author and consultant Peter Senge suggests that a learning organization is one that is “continually expanding its capacity to create its future” (Senge, 1990, p. 14). In this light, organizations that have greater intellectual capital will be able to impact more positively their environment rather than reacting to it.

SOCIAL CAPITAL

Social capital represents the value inherent in relationships, both at the individual and organizational levels. In many discussions of social capital, there is a network orientation, emphasizing the value that stems from both a network of relationships and from the assets of a network that are available to each participant. Social capital may come in many intangible forms, including reputation, legitimacy, and credibility. Goodwill is often accorded to an individual or organization as a result of the relationships that comprise social capital. Social capital is what societies have used, historically, to fulfill the common good of their members. Social capital is people working together to fulfill common purposes and goals. The development of social capital enables organizations to have access to opportunities and other assets that normally would not be possible or would come at a higher price. Some organizations have the potential to possess much social capital emanating from an advantageous network position. However, other organizations face great challenges in the attainment of social capital, as factors such as small size and newness limit many network opportunities (Krackhardt, 1996; Stinchcombe, 1965). The key for these firms is to find network niches and to develop a viable strategy to gain legitimacy in ways that are meaningful to important stakeholders. Burt (1992) refers to these niches as network or structural “holes that most need filling.”

EVIDENCE OF SPIRIT IN ORGANIZATIONS

While most organizational participants are familiar with the importance of the preceding types of organizational capital, it is only in recent years that researchers and practitioners have begun to focus on the spiritual aspect of organizations. We find evidence of this increased focus in disparate literature fields, including the business and organizational and NFP literatures. In addressing the nature of spirituality, Canda (1988) suggests 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. Haug (1999) notes that the spiritual element emphasizes process rather than content, and personal rather than collective. Spirituality is a way of life that provides a worldview, moral standards, and a form of living. More specifically, it is the sum of experiences and attributions of a personal nature that tends to liberate individuals from hopelessness, anxiety, and a sense of meaninglessness (Haug, 1999). From this perspective, organizations can be seen to either enhance or reduce the individual’s spiritual well-being; organizations promote the liberation that Haug discusses, or they enable continued (or increased) despair.

Organizational scholars have also contributed to the development of spirit-based models. One ambitious resource is the *Handbook for Workplace Spirituality and Organizational Performance*, edited by Robert Giacalone and Carole Jurkiewicz (2003). Through the efforts of multiple contributors and the course of thirty-two chapters, the book provides a great starting point for considering spiritual elements in organizations. For example, various articles refer to such concepts as workplace spirituality, spiritual well-being, spiritual intelligence, institutionalized spirituality, spiritual employees, workplace harmony, forgiveness, hope, renewal, and a host of other variations and relationships. Most of these essays, along with the work of other organizational scholars, ultimately refer to the spiritual aspect of organizations as a concern for the interconnectedness between organizational efforts and the

other elements of life. For example, Mitroff and Denton refer to spirituality as a “basic feeling of being connected with one’s complete self, others, and the entire universe” (1999: 83). Ashmos and Duchon see organizational spirituality as being about

employees who understand themselves as spiritual beings whose souls need nourishment at work....Spirituality is also about people experiencing a sense of connectedness to one another and to their workplace community (2000: 135).

Thus, a stream of research and literature is developing that takes very seriously the spiritual element of organizational life. In the following sections, we aim to examine in greater detail how the spiritual element represents an important source of capital for organizations that can (and should) be used to better perform their missions. We begin by discussing what we mean by spiritual capital.

SPIRITUAL CAPITAL AND ORGANIZATIONAL WEALTH

In *The American Heritage Dictionary* (2001), wealth is described in capitalistic terms as “having an abundance of valuable material possessions or resources.” Given the consideration of intangible resources in this paper, however, the definition of wealth expands to include all goods and resources having value in terms of exchange or use. In this vein, Zohar and Marshall suggest that

[s]piritual capital....is wealth that we can live by, wealth that enriches the deeper aspects of our lives. It is wealth we gain through drawing upon our deepest meanings, deepest values, most fundamental purposes, and highest motivations, and by finding a way to embed these in our lives and work (2004: 3).

With this background, we may now add spiritual capital to the above list of types of capital.

SPIRITUAL CAPITAL

Spiritual capital, as defined earlier in this pa-

per, includes assets, both tangible and intangible, that emanate from the spirit of an organization’s management, employees, staff and volunteers, and that impact the spiritual condition of all organizational participants (internal and external). All organizations have a store of spiritual capital, but some have more than others, some have developed it more than others, and some have it of greater quality. As we will discuss in greater detail below, an organization’s store and use of spiritual capital is theorized to have specific impacts on organizational outcomes. It is important first, however, to explore in greater detail the nature of spiritual capital. Assets related to an organization’s treasury of spiritual capital may be innumerable, but we focus here on five important elements: spiritual sensitivity, spiritual leadership, spiritual survival, spiritual outreach, and spiritual motivation.

Spiritual Sensitivity – This element of spiritual capital refers to the degree to which organizational participants are sensitive to, or aware of, spiritual matters. Others have alluded to spiritual sensitivity within the concept of spiritual intelligence (e.g. Paloutzian, Emmons and Keortge, 2003). Many organizational participants in modern society are blatantly ignorant of spiritual issues and human spirituality. This has become especially true of (solely) efficiency-oriented, for-profit enterprises, as we discuss in more detail below. It is possible that larger organizations are most challenged in developing an awareness of the spiritual needs, and indeed the spiritual strength, of their employees and customers. Non-profit service organizations (especially those that are religiously-affiliated) on the other hand, should be most sensitive to the spiritual motivations behind their workers’ presence. They should also be most attuned to the spiritual needs of their various constituents, including especially those in need of their services.

Spiritual Leadership – The development of spiritual leadership abilities and processes within the organization represents an important source of spiritual capital (Fry, 2003). One definition of spiritual leadership is leadership that “comprises the values, attitudes, and behaviors that one must adopt in intrinsically motivating oneself and others so that they have a sense of spiritual

survival through calling and membership – i.e. they experience meaning in their lives, have a sense of making a difference, and feel understood and appreciated” (Fry, 2003: 716). Thus, spiritual leadership is that leadership that attends to the holistic needs of employees, staff, and other followers. Fairholm refers to spiritual leadership as “integrating the many components of one’s work and personal life into a comprehensive system for managing the workplace...” (2000: 25).

Spiritual Survival – Psychologist Paul Fleishman posits that the enduring truth of the human condition is one in which we see an ongoing tension between survival and transcendence (1994; 1997). Humans – intensely spiritual creatures – are designed with a survival mentality that is both useful in a hostile world and taxing to the psyche and soul. As a result, humans seek spiritual survival through the inner spiritual peace that comes from transcending these earthly tensions (Fleishman, 1997). Such survival is often found in the pursuit of one’s vocational calling, for in rising up to answer this call, humans are able to move their focus to a less temporal, less material domain (Fleishman, 1989: 57-86). At the same time, Jody Fry (2003) notes that spiritual survival requires a sense of belonging that overcomes humans’ natural concerns of isolation and loneliness. Thus, spiritual survival involves the development and maintenance of a sense of purpose and calling, combined with the need for social connection and membership. Organizations that enable participants to live out and develop within their perceived vocational calling, and that promote participants’ sense of belonging, will enhance their store of spiritual capital (Hardy, 1990).

Spiritual Outreach – In many organizations, we will find the development and employment of specific abilities that are useful for having a positive impact on the spiritual condition of others. These may be subtle – such as in the case of allowing organizational participants to engage in spiritual search activities – or more obvious, including counseling, socializing, evangelistic, service and/or empathic processes. This element of spiritual capital is, of course, most important in organizations that trade in spiritual products or services, such as religious congregations and faith-based human services organizations. In

many Christian organizations the more obvious abilities that promote this kind of outreach are referred to as spiritual gifts (e.g. love, joy, patience, kindness, encouragement, teaching, compassion, etc.) Such abilities or activities, if they are emphasized at all in typical organizations, may not be associated with the spiritual dimension. In high spiritual capital organizations, however, spiritual outreach is a relatively obvious and aggressive manifestation of that spiritual capital. Where present, the benefits of spiritual outreach are likely to be both evidence of and contributors to the organization’s store of spiritual capital.

Spiritual Motivation – Motivations for actions within an organizational context come from many different sources (Deci and Ryan, 1985), but an often-overlooked source of motivation is that related to spiritual factors. While extrinsic, or external motivational factors are prevalent in all organizations, they are primary in profit-oriented corporations. In this case, organizational members are motivated through goals, processes, and outcomes that tend to be material in nature and reside outside of the individual. Intrinsic, or internalized, motivational factors are also present in all organizations, and perhaps in all people, but they tend to be especially important in non-profit organizations that do not have many material rewards to offer organizational actors. Intrinsic motivational sources are those that emanate from within the individual, and often include many spiritually-oriented factors. Often spiritual motivations are religious in origin, as individuals are motivated in their organizational activities by a sense of working for God, or perhaps according to certain exhortations in religious scriptures, and even as a representative of God’s love. In other cases, spiritually-based motivations arise from an individual’s belief that his/her own spiritual journey is enhanced through the conduct and outcome of organizational activities, similar to the sense of calling discussed earlier. Thus, organizations in which spiritual sources of motivation are present and prevalent would naturally have a tremendous source of spiritual capital.

While the preceding list of spiritual capital types is not exhaustive, each of those mentioned is important to the spiritual well-being of modern organizations. We turn next to a discussion of the

implications of spiritual capital for the people who comprise modern organizations.

IMPLICATIONS OF SPIRITUAL CAPITAL

All forms of organizational capital have implications for organizational outcomes. Existing literature has dealt extensively with the impact of traditional capital (i.e. financial, physical, intellectual, human, social) on organizations in terms of financial and positional outcomes, for example. We focus here, therefore, specifically on the impact of spiritual capital on firm and individual outcomes.

SPIRITUAL CAPITAL'S IMPACT ON THE ORGANIZATION'S SPIRITUAL CONDITION

While traditional capital resources have known effects on an organization's financial and positional outcomes, little is known about organizational-level spiritual outcomes. To speak of an organization's spiritual health without the benefit of a spiritual scorecard is difficult. There is little existing research that sheds empirical evidence on what to expect from organizations that attend to spiritual issues. Ashmos and Duchon (2000) found that development of a valid and reliable metric for spirituality at either the organizational or work-unit level was difficult at best, noting that "the idea of spirituality in the workplace was more difficult to capture and assess as the focus of the questionnaire moved away from the individual toward increasingly abstract conceptualizations" (143). It is tempting, and almost natural, to examine how spiritual capital might impact firm performance as defined by profitability or market share. However, as there are no existing studies that definitively illuminate such relationships, we can only conjecture about them. Nonetheless, we wish to emphasize that our greatest concern lies above and beyond such narrow descriptions of performance. We consider spiritual capital herein because an historical ignorance of these issues has left organizations with clear structural, ethical and behavioral (i.e. spiritual) dilemmas, as we explore in greater detail below.

Others have examined similar concepts in relation to performance outcomes. For example, recent interest in social responsibility has led nu-

merous researchers to consider whether a firm's level of CSP (corporate social performance) has a positive impact on financial performance (i.e. profitability). Ultimately, despite a spate of mixed findings, most studies suggest that there is indeed a positive relationship between CSP and financial performance (see Margolis and Walsh, 2003, esp. p. 273-278, for an extensive review). It is our contention, however, that whether or not high levels of spiritual capital have a significant positive impact on financial performance (and we have no reason to think that a negative relationship would exist), spiritual capital is likely to have a positive impact on other important organizational outcomes. Among these, we can expect that spiritual capital influences firm outcomes through (at least) the following factors: enhanced organizational reputation, a healthy corporate culture, camaraderie and teamwork, and a highly motivated workforce.

First, high spiritual capital firms should be able to develop a strong positive reputation among internal and external constituents. Where organizational life is made meaningful to the whole person, internal participants will want to become and remain affiliated with such an organization, and organizational turnover should be low (O'Connor, 2005). These are the types of places that typically enjoy a steady presence in many "best places to work" lists. Further, as employees and managers engage in spiritual outreach and leadership behaviors, external constituents should enjoy excellent, personalized service, and the organization's reputation should be enhanced all the more (see Martinez & Norman, 2004, for the link between employee perceptions, customer service, and firm reputation). Second, high spiritual capital organizations should also be expected to develop healthy, positive cultures that act as a deterrent to ethical lapses and behavioral misconduct. In an environment of high spiritual survival and leadership, employees' commitment to the organization and its mission should lead to a culture that, at the very least, encourages employees and staff to engage in behaviors that are consistent with the mission of the firm.

Third, we would expect to see a high degree of camaraderie and teamwork in high spiritual capital organizations. In such firms, needless in-

ternal competitive pressures cannot exist with spiritual leadership and spiritual survival. As a result, organizational actors are more free to develop meaningful bonds, a sense of camaraderie (*esprit de corps*), and team relationships (Paloutzian, Emmons, and Keortge, 2003). Such relationships can be beneficial to achieving organizational outcomes. Finally, where high spiritual capital organizations are developed on the strength of spiritual survival and spiritual motivation, a highly motivated workforce is likely to further organizational objectives in ways that are decidedly different than in organizations in which spiritual capital is absent or low. Employees in such organizations are likely to have developed a strong sense of identity with the organization and its mission, they are likely to feel a sense of ownership with the organization's efforts, and they are likely to feel less stress from external pressures, given the umbrella of protection provided by the organization's spiritually-friendly policies (Paloutzian, Emmons, and Keortge, 2003). While these organizational outcomes are not meant to be exhaustive, we believe they are important reasons to consider the development of spiritual capital and to continue to study and measure spiritual capital in organizations.

SPIRITUAL CAPITAL'S IMPACT ON INDIVIDUAL OUTCOMES

We can now speak to the impact of spiritual capital on individual actors within the organization. Organizations that have healthy levels of spiritual capital may also impact actors within – and outside – the organization at the level of the individual. These outcomes may be expressed in terms of physical, emotional, mental, and spiritual needs. One useful mechanism for such a discussion is Maslow's (1954) needs hierarchy.¹¹

Maslow's Hierarchy – Abraham Maslow suggested that humans move through several stages of needs fulfillment throughout their lives. At the most basic level, people seek to have their physiological needs fulfilled, including food, water, shelter, etc. Once these immediate needs have been assured, people will seek out the safety and security that ensures that health and sustenance will continue into the future. Upon satisfaction of these issues, people will then be free

and compelled to satisfy belongingness or love needs (e.g. friendship and intimacy), followed by the satisfaction of self-esteem needs, typically through recognition, praise, advancement, etc. Finally, at the most advanced stages of human development, people will be driven by the need to become self-actualized, a state in which humans strive to transcend typical earthly constraints to reach their full potential.

Physical outcomes – High spiritual capital firms, by virtue especially of spiritual sensitivity and spiritual leadership, will tend to value organizational structures and resource allocations that ensure organizational participants are well cared for. Spiritual sensitivity will be manifest in the development of strong interpersonal relationships and a culture of compassion. As a result, organizational employees, staff, and others associated with high spiritual capital organizations are likely to have their physical needs attended to.

Emotional outcomes – We believe that high spiritual capital organizations will be able to better meet the relatedness needs inherent in Maslow's model, both in terms of giving and receiving. Organizational participants will be in an atmosphere rich in relationships and emotional support. As noted earlier, high spiritual capital organizations are strong in the element of spiritual survival, overcoming the loneliness and isolation inherent in most modern organizations with community and relational structures. Organizational participants not only receive greater emotional and relational support, they also are able to give it. Where high spiritual capital organizations are defined by high spiritual motivation and some element of spiritual outreach among employees or staff, they will be better able to provide emotional support for one another and for customers, clients, participants, collaborators, etc.

Mental outcomes – As high spiritual capital organizations demonstrate strong spiritual awareness (sensitivity) and leadership, their members are also likely to experience beneficial mental outcomes, such as those related to Maslow's higher order needs. For example, in high spiritual capital organizations, employees and staff will be given opportunities to demonstrate self-efficacy and develop self-esteem – elements that are critical to the fulfillment of higher-order needs. Fur-

ther, one important aspect of self-actualization is the development and pursuit of intellectual strength. Strong spiritual leadership involves the creation of opportunities for organizational actors satisfy the human need for intellectual stimulation. Modern organizational structures, in many cases, retard intellectual development through overspecialization and mind-numbing tasks, as discussed below.

Spiritual outcomes – Most naturally, we would expect that positive spiritual outcomes would accrue to members of high spiritual capital organizations. These organizations – through their structures, culture, spiritual sensitivity, and leadership – have the capacity to create an environment in which organizational participants experience hope (for the future, for fulfillment, for advancement), faith (in the organization, in other people, in God, in themselves), and aspiration (to build a better future – Fry, 2003). These outcomes are directly related to the presence of spiritual leadership, spiritual survival, and spiritual outreach. It is most typical to consider these outcomes in the context of Maslow's self-actualization needs, as these tend to transcend the physical realm, but it also possible to relate the presence of hope, faith, and aspiration to other needs, such as security and self-esteem.

It is also important to consider the impact of spiritual capital on the spiritual outcomes of the organization's clientele. Employees and staff of high spiritual capital organizations often have high levels of spiritual motivations and are inclined toward spiritual outreach as a result of being highly spiritually sensitive. They are then more inclined to attend to spiritual issues in their interactions with external constituents.

If indeed, then, spiritual capital has such a potentially beneficial impact on organizational and individual outcomes, we must wonder why it has received such little attention in organizational design and strategy. This question is explored next.

WHERE HAS ALL THE SPIRITUAL CAPITAL GONE?

The lack of recognition of spiritual capital in organizations is primarily a Western and modern

phenomenon. Max Weber noted the demise of the spiritual element in the organizations of early capitalist societies. Laying the blame (credit?) for this phenomenon at the feet of Protestantism, Weber notes that, while Protestantism is responsible for the evolution of the *capitalist* spirit:

Only ascetic Protestantism completely eliminated magic and the supernatural quest for salvation, of which the highest form was intellectualist, contemplative illumination. It alone created the religious motivations for seeking salvation primarily through immersion in one's worldly vocation (Beruf). This Protestant stress upon the methodically rationalized fulfillment of one's vocational responsibility was diametrically opposite to Hinduism's strongly traditional concept of vocations. For the various popular religions of Asia, in contrast to ascetic Protestantism, the world remained a great enchanted garden.... (1968, p. 63).

Weber is suggesting that Protestantism – the great hero of his classic work, *The Protestant Ethic and the Spirit of Capitalism* – allowed for the separation of the sacred and secular in such a way that organizational and economic rationalization could occur outside of the trappings of religion. His accounting of the retardation of capitalism-based economic growth in Asia and other parts of the world rested in their refusal to remove religion and spiritual context from the economic realm and the organizations that populated that realm. Protestantism, on the other hand, allowed its adherents to live out their spiritually-based life calling (vocation) in a non-spiritual economic and organizational context that was conducive (in Weber's view) to the pursuit of salvation – spiritual and material.

It is important to note that Weber was neither advocating nor disavowing this development – he was simply interpreting the relationship between Western (Reformed) religious evolution and the rise of capitalism, as he saw it. The reality is that Weber correctly anticipated the secularization of the workplace in modern organizations. Other scholars have also considered the impact of a secularized Protestant ethic on organizational life,

and much of the evidence suggests that modern organizational designs do much to kill the spirit of the modern worker, robbing the organization of any potential spiritual capital that might exist.

THE PROBLEM OF DESIGN

The secularization – or “disenchantment” – of the workplace has been portrayed as necessarily harmful to the modern worker. Miroslav Volf (1991) has analyzed the writings of Karl Marx and Adam Smith (among others) to try to understand why modern organizations lead to a sense of alienation and spiritual depression among workers. Volf suggests that organizational structures should bring about the fulfilling potential of work. Specifically, work and organizational structures should be designed to satisfy two important imperatives – first, following Immanuel Kant’s logic, organizations and managers must view workers as ends in themselves (in terms of human fulfillment through self-direction), not as means to material ends; second, organizations and managers face a moral imperative to build up employees in the development of their knowledge, skills, and abilities. Modern organizations instead arise from an architectural legacy that includes elements of scientific management and Weberian bureaucracy. While Volf does not see these organizational tools as inherently evil, they have indeed resulted in structures that minimize the self-direction and meaningful development of organizational actors.

According to Volf, the work environment of modern organizations is one of alienation. Workers are alienated from themselves in that they have little opportunity to make meaningful directional decisions, and they have little opportunity to develop in meaningful ways. They are also alienated from one another in the competitive environment that typifies most modern firms. Workers are alienated from the work itself, as well, to the extent that they are not able to see beyond the minor tasks associated with their areas of specialization. Finally, and most importantly, workers are alienated from God as the spiritual dimensions of work are muted by structures that diminish what it means to be fully human. Volf’s analysis offers a detailed analysis of the spiritual poverty produced by modern organizational

structures.

Tracing the modern history of organizational design from Taylor’s Scientific Management to Peter Drucker’s more worker-oriented approach, Lee Hardy (1990) echoes Volf’s sentiments in calling for organizational designs that allow workers to participate in ways that develop the spiritual dimension of human nature. Hardy notes that, “work is to be a social place for the responsible exercise of a significant range of human talents and abilities in the service of one’s neighbor.... The appropriate design of human work must seek to realize the norm of vocation in a way that addresses [all of the] dimensions of human existence as they pertain to the job” (1990: 178-9). For Hardy, Volf, Weber, and many others, the notion of vocation and calling as related to work is an intensely spiritual notion, equating one’s presence and activities in the workplace to the pursuit of spiritual development and fulfillment. To the extent that modern organizational designs and business practices render people as means as opposed to ends in themselves, organizations will continue to be devoid of the spiritual capital that we believe is vital to both the organization and the individual.

According to Max Weber, the modern organization reflects in its design the two critical foundations of the secularized Protestant ethic, individualism and materialism (Dyck and Schroeder, 2004). Individualism refers to the special (almost sacred) standing in Western society given to the individual person relative to society or community, while materialism refers to a sense that material wealth is worthy of pursuit in that it reflects evidence of hard work and frugality. Building from the work of Weber, Dyck and Schroeder note that, in their secularized form, individualism and materialism have taken on idealistic value. An emphasis on individualism allows for each person to be held accountable and responsible for the specific vocation to which he/she has been called. A shared emphasis on materialism allows for tangible evidence of the individual’s hard work, persistence, and ultimate success. While much has been written and said about the desirability or moral legitimacy of individualism and materialism in modern societies (Hayek, 1948; Mouw, 1990, 3-4), we are more concerned herein

with the implications that accrue to institutions in which individualism and materialism represent foundational building blocks. Our concern is with the spiritual condition of organizations infused with these secularized virtues. Our allegiance is with those who – like Volf, Hardy, and even Weber – lament that modern individualistic, materialistic, autocratic, overly bureaucratic organizational designs transform beautiful spiritual beings into alienated workers and “a feeling of unprecedented inner loneliness of the single individual” (Dyck and Schroeder, 2004:6).

One possible organizational solution in pursuit of spiritual capital, then, is the development of organizational structures that promote the community that naturally arises within human societies. Bruno Dyck and David Schroeder offer as a solution to the cold, alienating organizational environment of the modern firm a “radical” alternative emanating from their Anabaptist-Mennonite faith perspective. From this perspective, organizational designs ought normatively to reflect the four overarching goals associated with one’s duties as perceived by the Christian faithful. Two of these goals relate to stewardship toward the created order (“manage creation in a God-like manner”; “care for creation”), while the other two apply more directly to the present discussion. Dyck and Schroeder offer as overarching goals in managing and developing organizations the creation mandates to foster community – “We are social beings who need each other. Human beings are to live responsibly in communities...” (2004: 20) – and to provide meaningful work – “To be human is to be involved in meaningful, purposive work” (2004: 22).

Each of these imperatives addresses the natural needs of the human being to be engaged with the work environment along physical, intellectual, relational, and spiritual dimensions. Organizations that transcend the individual and the material – while not ignoring these important elements – through community and shared meaning will have a much greater opportunity to avoid the alienation experience and to develop valuable spiritual capital.

COMMUNITY AS A SOURCE OF SPIRITUAL CAPITAL

It has been the premise of this paper that modern organizations have been designed in such a way that valuable spiritual capital is replaced with alienation. Modern structures and organizational philosophies emphasize material outcomes among individualistic actors, leaving little room for the spiritual growth that comes from community and transcendence. One important element in creating and utilizing spiritual capital is the development of community in organizations. Dyck and Schroeder elaborate:

Such communities will not be based on coercion; and any sacrifice people make for each other will be voluntary....The keys to operationalize the implications of God’s character for management are found in practicing “loosing” and “binding” via community discernment....a community is to challenge and loose (or free) its members from chaotic and destructive structures and systems, and to develop and model alternative life-enhancing practices that members can bind themselves to....[Organizational] decisions have a dual function: to loose people from structures and ways that are oppressive, and to have people bind themselves to decisions that are life-giving....Loosing and binding demands making the effort to find and name socially-constructed structures and systems that are oppressive, to be loosed from them, and at the same time to make the effort to identify, socially construct and become bound to new life-giving structures and systems (2004: 20-21; emphases in original).

We can learn much about how spiritual capital enhances life from the organizations that have thrived for years in a number of North American religiously-affiliated communities. In the United States, the 19th Century is replete with examples of utopian communities that attempted to structure all aspects of individual, family, organizational, and community life according to their understanding of the Christian faith.

TABLE 1
COMMON FEATURES OF RELIGIOUSLY-AFFILIATED COMMUNITIES

- A. Attempt to be a manifestation of God's kingdom on earth with all aspects of life ordered around a set of unambiguous beliefs, values, and principles
- B. The dignity and worth of all work with God calling every individual to contribute to the life and well-being of the community (Shaker's primary maxim: "Hands to work and hearts to God.")
- C. The communities embraced the Protestant work ethic without abandoning its spiritual roots
- D. A standard of excellence in all work and products
- E. Material goods to be used for the well-being of others within and outside of the community
- F. Proprietary relationships are subordinated to human relationships; cooperation rather than competition was the preferred norm both within the community and for interaction with the outside world
- G. Systems approach recognizing the interdependence of family, church, school, and community and that current decisions will affect valued social arrangements in the future
- H. Voluntary subordination of the needs and desires of the individual to the good of the community
- I. The eternal and the divine as contexts for viewing present circumstances and activities
- J. Organizations viewed as vehicles for achieving God's purpose, and therefore, the organization's mission and practices are evaluated against the standards of values and beliefs
- K. All workers in businesses and organizations were encouraged to contribute to the task which they all shared (i.e., the divine purpose of the organization)
- L. Success viewed in terms of being faithful to the tenets of their faith rather than accumulating power, prestige, or material goods; In the words of Shaker Mother Theresa, "Our job is not success. We leave success to God. Our job is faithfulness."
- M. Attempts to be practical, resourceful and innovative in adapting to the changing economic and business climate
- N. Prized community self-sufficiency and avoided deep interaction with outsiders and any dependence on government

TABLE 2
QUALITIES THAT REFLECT SPIRITUAL CAPITAL IN ORGANIZATIONS
(ZOHAR AND MARSHALL, 2004: 29-30)

- 1) Companies concerned with amassing spiritual capital are constantly placing their goals and strategies in a wider context of meaning and value.
- 2) Companies rich in spiritual capital are self-aware companies. They know what they believe in, what and whom they affect, and what they want to achieve.
- 3) Companies that build spiritual capital are vision and value led. The values of spiritual capital are deep human values — saving life, raising the quality of life, improving health, education, communication, meeting basic human needs, sustaining the global ecology, and reinforcing a sense of excellence, and pride in service.
- 4) Companies that build spiritual capital have a high sense of holism or connectivity. They see that business is part of the wider human enterprise, part of the wider global scenario. They feel a part of and responsible to the community, the plant, life itself.
- 5) Companies that build spiritual capital are compassionate companies. If they see need or suffering within their sphere of influence, they care and take responsibility for doing something about it.
- 6) Companies that build spiritual capital celebrate diversity. They recognize that every point of view is necessary and that every point of view carries some validity.
- 7) Companies that build spiritual capital are field-independent. They are true to their own values and vision.
- 8) Companies that build spiritual capital raise fundamental Why questions. They reflect on why they have chosen their goals.
- 9) Companies that build spiritual capital are always ready to be spontaneous. They don't get locked into paradigms, assumptions, or set agendas.
- 10) Companies that build spiritual capital seek a positive response to adversity.
- 11) Companies rich in spiritual capital maintain a deep humility. Spiritual capital accrues from doing the right thing, so it doesn't seek praise or unjust reward.
- 12) Companies high in spiritual capital have a sense of vocation. They feel called upon to share their wealth in meeting the wider needs of community, humanity, and life itself. They are grateful for any contribution they can make.

These communities – which include the Shakers, Amish, Mennonites, Oneida, Amana, Hutterites, Rappites, etc. – represented beliefs across the (Christian) theological spectrum. While some of these communities dissolved long ago, others, like the Amish and Mennonites, are still vital, and the legacies of still others continue in the organizations and businesses they established. Although distinct, these communities and their organizations manifest some common features that are akin to or underlie our notion of spiritual capital. Among these are the following, noted in Table 1.

At the same time, we can see in Table 2 twelve critical qualities that Zohar and Marshall (2004) believe reflect the presence of spiritual capital in organizations.

By considering commonalities in Tables 1 and 2, we can see how organizations that have a strong sense (and support) of community are more likely to have strong elements of spiritual capital. For example, just as Zohar and Marshall (ZM) stress within spiritual capital a sense of vocation (#12) in “meeting the wider needs of community, humanity, and life itself,” spiritually-strong communities believe that God calls “every individual to contribute to the life and well-being of the community” (B). Further, spiritually-strong communities recognize the interdependence of people, systems, and institutions, “recognizing the interdependence of family, church, school, and community and that current decisions will affect valued social arrangements in the future” (G), a view which is consistent with ZM’s emphasis on the holistic and connected nature of high spiritual capital organizations, suggesting that “business is part of the wider human enterprise, part of the wider global scenario” (#4). While ZM argue that “companies rich in spiritual capital are self-aware companies [and] they know what they believe in, what and whom they affect, and what they want to achieve” (#2), spiritually-rich communities foster “organizations viewed as vehicles for achieving God’s purpose, and therefore, the organization’s mission and practices are evaluated against the standards of values and beliefs” (J). Other direct comparisons are possible, and we emphasize the remarkable consistency between ZM’s qualities of high spiritual capital organizations and the qualities found in spiritually-rooted communities.

As Dyck and Schroeder (2004) have suggested, the fostering of community in organizations is a powerful antidote to the spiritual poverty related to modern organizational design.

CONCLUSION

In this paper we have worked to understand organizations in light of spiritual capital, a source of organizational strength not much considered in modern theories of the firm, or in practice. While recognizing the importance of all sources of firm value – financial, physical, social, human, and intellectual forms of capital – we point out the specific importance of re-filling the spiritual tanks of institutions swimming in alienation and drowning in spiritlessness. We have considered herein various elements that comprise spiritual capital, and we have considered the impact of spiritual capital on organizational and individual outcomes. Finally, we have considered why modern organizations, according to their designs, lack spiritual capital, and we have suggested that organizations exhibiting a strong sense of community are highly likely to remain strong in spiritual capital.

While community-building is one example of “identify[ing], socially-construct[ing], and become[ing] bound to new life-giving structures and systems,” (Dyck & Schroeder, 2004: 21), it is but one possibility. We call on others to join us in loosening workers and organizations from the destructive nature of modern organizational forms, designs, and structures. Such systems promote individualistic and materialistic goals at the expense of environments in which spiritual capital might thrive and flourish. We know that we have only scratched the surface of spiritual capital in this paper, but we believe that it is a necessary first step in reclaiming the natural beauty of organizational life – a beauty that withers in the oppressive heat of modern organizational systems.

ENDNOTES

¹We believe that scholars should always make clear their underlying worldview influences, especially in discussions of subject matter that inherently involves spiritual elements. The authors

of this paper are all of the Christian faith, though they have various Christian backgrounds, theologies, and affiliations.

ⁱⁱWhile recognizing that Maslow's model of needs-based motivation has not received universal empirical validation over the decades since its inception, we find that its intuitive characteristics are most useful for enhancing our discussion. Other needs-based theories of motivation that have withstood greater empirical scrutiny could be used in this discussion (e.g. Alderfer's (1972) ERG Model) with little or no meaningful change

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FIGURE 1
ELEMENTS OF SPIRITUAL CAPITAL IN ORGANIZATIONS

