Spiritual capital as the fourth capital in a TQM organization

Introduction

For at least three decades now spiritual capital has been considered in organization and management studies as the fourth capital in an organization, apart from material, human (intellectual) and social capitals. It represents a response to increasingly complex human resources management in the conditions of intensifying uncertainty of the environment and ‘greedy business’. This issue forms an integral part of behavioural theory focusing on human behaviour and a reaction to a critical trend in management. It prefers such values as, for example, love for others, respect for human dignity, integrity and ethical conduct. On the one hand it is a relatively new notion in management studies, however on the other hand it is an integral part of organization management. It is also related to quality management. Its elements can be found in quality management concepts (e.g. in TQM) and rules as well as in ISO international system standards.

The purpose of this paper is to:
1. Define the place for spiritual capital in organization management.
2. Identify the elements of spiritual capital in selected ISO management system standards.

The literature review was used as a research method.

1. Capital of an organization

Capital is something available to an organization, which can be used to fulfil its objectives. Conventionally, three types of capital in an organization have been taken into account: material, human (intellectual) and social capitals [Liu, 2007; Rima, 2013]. Material capital is defined as a physical assets, such as land, buildings, equipment, etc. that is owned...
by a company and used to produce goods or services. Social capital reflects the value of social networks, which is often evaluated by internal trust and friendships among members, plus external reputation for any individual or organization. Human capital, also called intellectual capital, refers to knowledge and skills that may be used to generate wealth.

Recently, both theoreticians and practitioners have started to reflect on the shape of organization management in the 21st century. A critical trend has emerged in management science. Many of the developed concepts and methods are perceived as a tool for enforcing an increase in human efficiency in organizations [Sułkowski, Zawadzki, 2014, p. 44]. The environment has changed to a highly uncertain one, in which employees have problems with planning their future, management is in the dark about their virtual employees’ actions and business is perceived as driven by greed. Thence, the importance of a new capital, not related to the possession of tangible property, available knowledge or interpersonal relations, has been apprehended. This new capital has been called spiritual capital. It takes account of, among others, the sense of human work, creativity, innovation and ethical behaviour. It has been also recognised as the source of economic growth. Figure 1 presents correlations between the four types of capital in an organization.

**Figure 1. Correlation between four types of capital**

![Correlation between four types of capital diagram](image)

Source: [Gracia, 2012, p. 130].

2. **Spiritual capital definitions**

There are several approaches to the definition of spiritual capital:

- spiritual capital in a general sense,
- spiritual capital as a religious capital,
- spiritual capital as a part of social capital,
- spiritual capital as a part of leadership.
The most general definition of spiritual capital is based on the assumption that it forms a complementary part of the organization’s capital. Spiritual Capital is a “power or advantage not rooted in material, intellectual, social realms.” [Liu, 2007]. It is an indispensable element of purposeful human actions: “Spiritual comes from its Latin root Spiritous that which gives life or vitality to a system” [Liu, 2007]. “The spiritual in human beings makes us ask why we are doing what we are doing and makes us seek some fundamentally better way of doing it. It makes us want our lives and enterprises to make a difference [Zohar, Marshall, 2004]. “In literal sense, spiritual capital should be understood as that which gives vitality, life and animation to wealth, profit, advantage, and power “ [Rima, 2013].

In a narrow sense, spiritual capital is understood as a religious spiritual capital, defined as “the degree of mastery of and attachment to a particular religious culture” [Stark, Finke, 2000, p. 120]. The “mastery of” refers to the knowledge and familiarity needed to appreciate a religion [Finke, 2003]. Or also “Patterns of religious beliefs and behavior, over the life-cycle, between generations, and among family and friends” [Iannaccone, Klick, 2003]. Spiritual Capital “is the effects of spiritual and religious practices, beliefs, networks and institutions that have a measurable impact on individuals, communities and societies” [O’Sullivan, Flanagan, 2008].

Spiritual capital is sometimes identified with a part of social capital. In the opinion of Berger and Hefner “Spiritual capital might be thought of as a sub-species of social capital, referring to the power, influence, knowledge, and dispositions created by participating in a particular religious tradition” [Berger, Hefner, 2003].

In other approaches spiritual capital is perceived as an element of leadership, defined as spiritual leadership, e.g. [Fry, 2003; Gracia, 2012]. “Comprising the values, attitudes, and behaviors that are necessary to intrinsically motivate one’s self and others so that they have a sense of spiritual survival through calling and membership. This entails:
1. Creating a vision wherein organization members experience a sense of calling in that their life has meaning and makes a difference;
2. Establishing a social/organizational culture based on altruistic love whereby leaders and followers have genuine care, concern, and appreciation for both self and others, thereby producing a sense of membership and feel understood and appreciated.” [Fry, 2003, p. 269].
Spiritual capital in this sense is also defined as “spiritual intelligence” [Zohar, Marshall, 2004; Wingrove, Rock, 2008]. It is understood as a moral attitude and leader’s values: “the uniquely human ability to make moral choices and decide which problems we choose to solve, what goals we think it is worth obtaining and our willingness to follow rules. Spiritual intelligence is at the root of our aspirations, our ambitions, our associations, and our pain” [Zohar, 1997, p. 10].

The values of spiritual intelligence comprise such elements as [Wingrove, Rock, 2008, p. 135]:
- vision and value led,
- honesty, humility,
- integrity, field independence,
- justice,
- celebration of diversity,
- respect for people,
- hard work,
- education – tendency to ask fundamental “why?” questions,
- intellectual curiosity, fulfilling potential,
- compassion, courage.

Similarly, Seligman [2005, p. 29; 2011] lists the virtues of a spiritual man, that are also helpful in organization management, such as:
- wisdom and knowledge (curiosity of the world, creativity, willingness to learn, intelligence, cognitive distance),
- courage (integrity, persistence, bravery and valour),
- humanity (love, goodness),
- justice (impartiality, diligence),
- temperance (self-control, modesty and humility, judiciousness, generosity),
- transcendence (appreciation for beauty and harmony, gratitude, openness to the future).

Spiritual capital in this sense is incorporated in the principles of positive psychology and is inseparably linked to organizational culture.

For this reason positive psychology has become an inspiration for some researchers in management science. For example, researchers from the University of Michigan, Cameron, Dutton and Quinn, examine, among others, the possibilities of motivating people to work by positive organizational culture [Cameron et al., 2003; Dutton et al., 2010].
3. Management and spiritual capital

Modern organizations are based on the assumption of continuous development, relying on an increase in efficiency. They adopt management objectives that can be classified with reference to the four type of capital: material, social, human and spiritual. Table 1 presents the objectives and elements of organization management typical for each type of capital.

Table 1. Organization management objectives and resources, with regard to material, social, human and spiritual capital types

<table>
<thead>
<tr>
<th>Type of capital</th>
<th>Management objectives</th>
<th>Management elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material capital</td>
<td>Effective use of material resources.</td>
<td>Management of material resources (e.g. fixed assets, maintenance).</td>
</tr>
<tr>
<td>Social capital</td>
<td>Effective employee management.</td>
<td>– Employee management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Organizational structure.</td>
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<td></td>
<td></td>
<td>– Incentive system.</td>
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<tr>
<td></td>
<td></td>
<td>– Process management.</td>
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<tr>
<td>Human/ Intellectual</td>
<td>Enhancement of employees’ knowledge and skills.</td>
<td>Knowledge management (training, education).</td>
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<tr>
<td>Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spiritual capital</td>
<td>Building of organizational culture (employees’ behaviours)</td>
<td>– Selection of employees.</td>
</tr>
<tr>
<td></td>
<td>based on moral principles and ethics.</td>
<td>– Formulation of objectives based on ethics and spiritual development.</td>
</tr>
<tr>
<td></td>
<td>Leadership based on spiritual values (e.g. integrity, ethical conduct).</td>
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</tbody>
</table>

Source: Own elaboration.

All types of capital have to be managed in the organization in a structured manner, taking account of their mutual interactions and interactions with the environment.

4. Spiritual capital in ISO standards

There is no standard focusing on spiritual capital. However, some of its elements can be found in system standards for organization management, established by ISO. Table 2 presents the elements of spiritual capital contained in selected ISO standards.
Table 2. Elements of spiritual capital in selected ISO system standards

<table>
<thead>
<tr>
<th>Title of the standard</th>
<th>Elements of the standard contents concerning spiritual capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO 9000:2005</td>
<td>In the definition of quality, specifying the classes of quality characteristics (item 3.5.1), a group containing behavioural features, e.g. courtesy, honesty, veracity, is listed as one of the classes.</td>
</tr>
<tr>
<td>ISO 9001:2008</td>
<td>There are no direct references to the elements of spiritual capital. Only loose links can be found in the following terms: “management responsibility”, “customer requirements” and “customer satisfaction”. Management responsibility (item 5.2): “Top management shall ensure that customer requirements are determined and are met with the aim of enhancing customer satisfaction”.</td>
</tr>
<tr>
<td>ISO/DIS 9001:2014</td>
<td>There are no direct references to the elements of spiritual capital. The following terms can be referred to spirituality: “management responsibility”, “customer requirements” and “customer satisfaction”.</td>
</tr>
<tr>
<td>ISO 9004: 2009</td>
<td>There are some references to the term “ethics” and responsibility: item 4.4 “Interested parties’ needs and expectations”: “Needs and expectation of the interested parties: society: needs of ethical behaviour”. item 6.31 “Management of people”: “people management should be performed through a planned, ethical and socially responsible approach”.</td>
</tr>
<tr>
<td>ISO 31000:2009</td>
<td>The following terms can be referred to spirituality: corporate governance, responsibility at different levels in the organization, organizational culture, good relations with internal and external stakeholders, reliability, reputation, trust, helping others.</td>
</tr>
</tbody>
</table>
The following terms can be referred to spirituality: responsibility, ethical conduct, integrity (fair operational practices), justice, safety, education, respect (respect for natural resources and biological diversity), compensation, alleviation of poverty, trust.

The standard provides a definition of ethical conduct (item 2.7), describing it as “the conduct compliant with the adopted rules of correct or appropriate behaviour in the context of a specific situation and consistent with the international standards of conduct.” The standard states that social responsibility (item 2.18) means the responsibility for the influence exerted on the community and the environment by decisions taken by the organization, which can be ensured by “transparent and ethical conduct”.

Source: Own elaboration.

The overview of selected management standards has demonstrated that they contain only few elements related to spiritual capital. A general term, ethics, occurs most often. The largest number of references to spiritual capital can be found in ISO 26000, a standard regarding social responsibility, which is in the form of a recommendation for business organizations. It can be explained by the specific nature of spiritual capital. It is not susceptible to normalisation, particularly in the standards addressed to organizations functioning in different cultures.

**Conclusion**

The significance of the role fulfilled by capital in the organization has changed over time. At present, numerous publications emphasise the special meaning of human/intellectual capital affecting the achievement of competitive advantage (quick changes, new technologies that require in-depth knowledge). It has been highlighted, however, that the sustaining of competitive advantage for a longer time entails support provided by spiritual capital. It prefers commonly recognised values, elaborated over millennia by philosophers and basic religions (Judaism, Christianity and Islam) as well as by good managerial practices. The analysis of selected ISO system standards has demonstrated that they contain only scarce references to the elements of spiritual capital. The application
of these standards in organizations without taking account of the principles inherent in spiritual capital, based on responsibility, may hinder or even prevent the development of the organization.

References
10. ISO/DIS 9001: 2014, Quality management systems. Requirements. (draft)
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(Summary)

The purpose of the paper is to define spiritual capital in organization management and identify the elements of spiritual capital in selected ISO system standards. Spiritual capital is often called the fourth capital in an organization, apart from material, human (intellectual) and social capitals. The issue of spiritual capital has been investigated against the behavioural management theory and the critical trend in management. The research has focused on the analysis of concepts referring to this capital. It has been concluded that standardised systems for organization management contain only few elements of spiritual capital.

Keywords

capital, spirituality, organization, management, standard