

SPIRITUAL VALUES – THE PATH TO MORAL CAPITALISM

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Abstract. *Business must acquire a moral dimension, and leaders and managers should also take responsibility for the world in which they operate and create wealth.*

The true measure of a firm performance is multi-dimensional and should say something, besides the profit or increase market share, about the moral values and business ethics.

This paper aims to show that a company can have spiritual values and be profitable at the same time.

Keywords: *spiritual values, moral capitalism, business ethics, crisis.*

1. Introduction

In these times we live the terrible effects of the lack of responsibility. As Friedman [6] notices, referring to the financial crash: “this is how we got here: a total lack of responsibility at all links of the financial chain on which we all depend, and we either eliminate those who did it, or we risk a complete crash of the system. This is the price of our sins”.

Wilson [19] said: “capitalism won the economic battle in the world, but it is on the defense when it comes to morality. The last challenge of capitalism is moral”. Kolp and Rea [11] think that the mentality that drives executive managers to maximize shareholders, profit (and their own) led to a loss of ‘soul’ corporation – a good example is Enron. Kevin Rollins, CEO at Dell, refers to the ‘soul of Dell’ and states that a company has soul only if it has ethical behavior.

Gore and Blood [7] estimated that market economy is now at crossroads. To go forward, it is necessary to make a major transformation. They think the fundamental causes for the current crash are: short term thinking, weak management and set of rules, incorrect compensation, lack of transparency, mediocre leadership and dysfunctional business culture.

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This crisis is the latest in a long row, for example Enron, Worldcom, Adelphia or Savings and Loan scandal. Thousands of billions of dollars of investors and pension funds have disappeared, as well as many jobs, due to unscrupulous executives, managers, accountants, bankers, politicians, lawyers and auditors [14].

CEO's are generally seen as part of the problem, and not the solution. It became obvious that their concern was to increase personal wealth. We can expect the beginning of a new huge scandal: tedious arrangements for liquidation of companies at a small price with the help of evaluators willing to violate rules [17].

We are not surprised that the Americans have lost confidence in the business world and in those who lead it. In a recent poll, only 2% of respondents considered the executive managers in the "Fortune 500" worthy of trust. Robert Miller, CEO at Delphi, said: 'Society has come to believe that the collocation "corrupt CEO" is pleonastic' [4].

It is not surprising that CEO's are badly seen in the U.S. It is ironic that many of those who have led the company to insolvency have done very well on the personal level. Richard Fulda, for example, who led Lehman Brothers between 1993 and 2007, won about half a billion dollars, while Lehman Brothers no longer exists. Stanley O 'Neil, CEO at Merrill Lynch, retired with 161 billions [12]. The major losers of this crisis were not CEO's, but rather employees, shareholders, and tax payers are the ones who suffered.

2. Spirituality at work

Mitroff [15], with an experience of 25 years in crisis management said: 'no single crisis that we have studied so far was an isolated crisis. Each crisis is simultaneously an ethical crisis, a public relations one, a legal crisis, a communication and a coordination one, etc. He speaks of the two challenges facing all organizations today, both public and private, both profit- oriented and non-profit organizations, both government and business. They are: management and spirituality crisis. While the two may seem to have no connection with one another, they are actually only two opposite sides of the same complex coin, he says.

Spirituality cannot be confused with religion, although the two are related. White [18] makes a distinction as follows: 'spirituality consists of opening the perspective of a person to a superior power or of a Superior Self, it is not necessarily linked to any religious institution or a certain

Dogma.’ Spiritual people want their lives and work to have purpose and meaning.

The main challenge of spirituality is to overcome the false perception that spirituality is a taboo and that does not apply to most organizations. Rhodes [16] emphasizes that ‘workplace spirituality’ has become a respectable topic, discussed in management textbooks.

Nowadays, people no longer want to leave their fundamental values at the enterprise gateway. Fogel [5], a Nobel Prize laureate in 1993, is one of the economists who have stressed the importance of spirituality in the new economy. He identified fifteen vital spiritual resources that include concepts such as: a perception of the purpose, a perception of the opportunity, a sense of the idea of community, strong family morals, a strong work ethic and high self esteem.

Above all, people are constantly searching for meaning and purpose in life. And they will find them where they spend most of their time, i.e at work. They want to work for a good organization, one that treats them and everyone else with respect. Research also shows that organizations which have learned to meet the spiritual needs of all stakeholder and employees are more profitable and productive. But equally important, they are happier places to work in [15].

3. Spiritual Capital – a new paradigm

One reason for which visionary leadership is so undeveloped today is the importance that the today's society confers to a certain type of capital: the material capital. Too often, the value of a company is judged according to the money earned at the end of a day, or to how much power it might provide us in comparison with others. This obsession with material gain has led to short-term thinking and the pursuit of one’s own interests. It is true that any type of company we would like to work for needs some form of financial wealth if it wants to be successful in the short term. But for leadership to inspire long term, sustainable goals, it needs to focus on two other forms of capital: the social and the spiritual ones. These three types of capital resemble the layers of a wedding cake. The material capital is the top layer, the social capital is in the middle, and the spiritual capital is the lowest one, supporting all three of them [20]. This approach suggests a capitalism that is not solely concerned with selfish interests. It employs other terms as well for this new type of capitalism: ‘moral capitalism’, ‘spiritual capitalism’, ‘sustainable capitalism’ etc.

There is sufficient evidence that the managers interests in the spiritual values has started to grow. Kerns [10] signals a large number of sites and books about the business that deals with spirituality and a large number of ‘business guru’ that hold seminars related to this topic. White [18] considers that the academic world will no longer have the choice and will become “visionary in relation to new generations of students and their need for spiritual development that will have to be stimulated in school”.

Fundamentally, spiritual capital reflects the reason for which an individual or an organization exists, the things one believes in, aspires to and assumes responsibility for. Our spiritual capital includes our moral capital. The spiritual capital is a new paradigm that requires us to radically change the mentality regarding the philosophical foundations, the practice of business management or any other type of company. I do not refer here to the concern of religion or spiritual practice. Rather, I refer to the power that a leader can unleash within individuals or organizations through the evocation of the deepest meanings, values and goals of people [20].

4. Spiritual Leadership

In today's world the thing that we miss most are the leaders who can transmit vision. A vision is something that you yearn for, we aspire to, something that is the binder of our company, the driving force, its inner vitality. When we are touched by a vision, the deepest values in us come into action, acquiring a sense of long-term goal of our company.

In his book, about the 8th step of wisdom, Covey [3] says ‘When we study the life of all great personalities – people who had an overwhelming influence on those around ... we always find a model, a constant. Due to their constant efforts and inner struggle they always pursued in life, they managed to develop to a great extent the four capacities and native intelligence. In Covey’s opinion, these are:

- mental intelligence (IQ). When talking about intelligence, we usually make an association with mental intelligence, and with our ability to analyze, to reason, to think abstractly, to use language, to visualize and understand. IQ, or share of intelligence, was discovered at the beginning of the XXth century and is tested using the Stanford-Binet intelligence scale. We all use to some extent IQ, because we would not be functional otherwise.

- physical or body intelligence (PQ) of the human body is a different type of intelligence, of which we are all aware implicitly, though, most of

us very often discover it openly. It is found in the respiratory system, circulatory, nervous as well as the vital systems. It scans ceaselessly the environment, destroying the diseased cells and fighting constantly for survival.

- emotional intelligence (EQ) refers to our share of emotional intelligence. In the mid 90s, in the book *Emotional Intelligence – Why it can matter more than IQ*, Daniel Goleman has expressed the kind of intelligence that our hearts and emotions have. EQ expresses through trust, empathy, self-consciousness and self-control, and the ability to meet the appropriate emotions of others. It is that state of synchronization and social opportunity, and is articulated in the courage to admit mistakes, to express differences and respect them.

- spiritual intelligence (SQ). Same as EQ, SQ has started in recent years to hold an increasingly important place in scientific research and in philosophical/psychological debates. Spiritual intelligence is the most important of all intelligence, because it becomes the source of orientation, guiding the other three types of intelligence. Spiritual intelligence is the ability to access meanings, values and of higher, long-term goals and unconscious aspects of the self, and to use these meanings, values and goals to live a richer and more creative life. Spiritual intelligence is the supreme intelligence of the visionary leader. It was the intelligence which guided men and women like Churchill, Gandhi, Mandela, Luther King Jr. and Mother Teresa. The secret of their leadership was their ability to inspire people by giving them a sense of the thing worth fighting for.

The highest forms of manifestation of these four types of intelligence are: vision for mental intelligence, discipline for physical intelligence, passion for emotional intelligence, and conscience for spiritual intelligence.

Since these four dimensions of life clearly overlap, we cannot act exclusively on any of them without directly or indirectly influencing the other dimensions. And this means to recognize that when people come to work, they do not leave their ‘spiritual side’ at home. Although ‘the whole person enters the door every day, very often, people are forced to fragment themselves into a thousand disconnected pieces’ [15].

Intelligent Management from the spiritual point of view can be developed by applying 12 principles [20]:

- *Self Knowledge*: Knowing what I believe in and appreciate, what motivates me deeply.
- *Spontaneity*: Seizing the moment and being responsive at any moment in time.

- *Being led by vision and value.* Acting according to principles and deep beliefs and living in the same way.
- *Holism:* Envisaging higher models, relationships and connections; having a sense of belonging.
- *Compassion:* Having the quality to feel as other people do, and a deep sense of empathy.
- *Celebrating Diversity:* Appreciating other people for their differences, and not in spite of them.
- *Domain independence:* Standing up in a crowd and having one's own beliefs.
- *Humility:* The feeling of being a player in a larger drama, the sense of one's place in the world.
- *The tendency to ask fundamental questions beginning with Why:* The need to understand things and their causes.
- *Ability to change perspective:* Ceasing in to a situation or problem and seeing the bigger picture; viewing problems in a wider context.
- *Use of adversity in a positive way:* Learning from mistakes, going back and suffering; the consequent growth.
- *Sense of vocation:* The feeling of being called to serve, of giving something back.

5. Spiritual values and the competitive advantage

The benefits of being fair and responsible will not appear immediately, it is sometimes necessary for several years to pass. Some benefits are obvious: a solid reputation, strengthen the market image, more loyal employees.

Hollender and Fenichell [9] think that a company's reputation and its brands are more valuable than the company's buildings and machines. In fact, they are the most valuable assets of the firm. The second most valuable asset is human capital. Consequently, the company that stains its reputation will suffer a decline in the market value. The above-mentioned specialists state that there is a strong positive correlation between being animated by a firm moral values and its performance in the market...

Leaders of large businesses – participants at the World Economic Forum – have been asked which is the most important measure of success. Only 20% answered profitability. Most mentioned corporate reputation, integrity and quality of products [8]. Of course, profit is essential for

the company survival. However, firms which are not concerned with stakeholder satisfaction will soon discover how hard it is to survive.

Batstone [2] signals that company employees with ethical values and behavior are six times less likely to leave the firm than others. Can ethical values – influenced at work – make an organization more profitable and grow employee satisfaction? The answer is definitely yes. Mitroff [15] provide strong (empirical) evidence which confirms the superior performance of the company ethics. Primarily, this is because these companies have more loyal, more productive and more creative employees.

There are claims that there are countless ways that reflect the company's principles in relation to its financial performance: growth in turnover, reduced risk, improved image, better relationships between employees and higher productivity. These arguments have reduced to silence those who said that 'making more than the basic obligations and legal requirements is pure madness'. There is evidence that people easily accept the price of known firms with social responsibility, and will buy from companies with ethical values, only if they offer a great discount.

Milliman et al. [13] in a case study demonstrate how Southwest Airlines uses 'a spiritual model based on values' to be a successful firm. A spiritual company, in the authors' opinion, is the one which wishes to have a positive contribution in the world. Bayley [1] found out that many employees of Southwest Airlines are now millionaires, yet they continue to work (they have a system of participation in profits, not a pension), because they are proud of their company, of what they have accomplished. Southwest Airlines has prospered while companies like Eastern and Pan Am have disappeared. They have the lowest costs in the industry, but pay the highest salaries. It is possible to do so because they have the most productive employees.

Jim Sinegal, co-founder and CEO of Costco, believes his company has a simple code of ethics, which contributed to its success. This includes the following: 'respect for the law, taking care of employees, shareholders and customers, as well as suppliers'. According to Sinegal, 'leading a good business and having a sense of ethics is a standard if you want to have success'.

Undoubtedly, it is clear that, in time, a company with principles and values will benefit from them in many ways.

6. Changing human behavior

John Sterman in *Business Dynamics: thinking and systems modeling for a complex world* provides a model for a system to work effectively. However, he shows, the system will work properly only if the people behave as they should. Most systems have the same defects as human behavior [20].

If one wants to change systems, one must first change human behavior. But human behavior does not change easily. To get a real transformation one must change the incentives that induce the behavior. This is the responsibility of a visionary leader. Nowadays business, politics, education and society in general are driven by four negative motivations: fear, greed, anger and too much importance given to self. When we control these negative emotions, we have confidence in ourselves and in other people, and strive to act from within ourselves.

We can change the motivations to more positive ones if we are inspired to do so. A leader who implements the 12 principles of the SQ can provide the inspiration and energy that it releases. I use the analogy of a pinball to explain the attractors, a concept in chaos theory, says Zohar [20]. The attractors are points that either collect energy or disperse it. In pinball the attractors are the small holes where the metal balls fall. Our motivations resemble these small holes, and metal balls are our behaviors. If one wants to move the ball in a pinball machine, one pulls on a spring and throws a new ball in the system, making thus everything fly and rearrange.

Pumping spiritual intelligence in our motivational system works in the same way. Hit the ball in their current motivational holes and enable them to reposition. In this way, when we apply the 12 principles of spiritual transformation in our relationships and lives, the exaggerated importance given to the self becomes exploration, anger becomes cooperation, greed becomes self control, fear becomes mastery of the thing we feared, and so on. Our motivations were stimulated, and this changes the behavior. While we change the behavior, we change the results, and the whole purpose and sense of our collaboration.

7. Conclusions

Each crisis is a spiritual one. ... There is no doubt that we are facing an unprecedented crisis. However, I strongly believe that if we can use

these times to develop organizations that meet the ‘highest needs’ of everyone who is linked to them, then we will not only survive, but will become even better. If we will not do so, we will continue to limp from one crisis to another [14].

The true measure of a company’s performance is a multidimensional one, and it should say something, besides the profit increase or market share, about moral values and business ethics. Business must acquire a moral dimension, becoming more service-oriented and achieving value.

Leaders and managers must see above their own interests, and should see their role as the one to determine the company to have goals and spiritual values, not just profit. They should also take responsibility for the world in which they operate and where they create wealth.

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