

## Chapter 2

# Challenges Enhancing Social and Organizational Performance

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### ABSTRACT

*A vital component in the new age organizational paradigm is evident in spiritual capital, albeit many occasions leadership overlooks its importance. Nevertheless, this spiritual dimension is gaining acceptance in contemporary organizations as sustainability is very much dependent on this capital. The aim of this chapter is to analyze the principles of spiritual capital, its applicability in the organizational context and to reflect on the importance of this construct in contributing to organizational sustainability. This study aims to gauge the perception of employees about their spiritual capital and its importance in the workplace. We distributed a questionnaire as a data collection method to a sample in higher education institutions in order to create a reference to identify the spiritual resources in the organization. This chapter also analyzes the relevance of the spiritual capital construct, with special focus on spiritual leadership in organizations which are an integral part of the higher education sector.*

### INTRODUCTION

It is a given that the current economy is based on knowledge. Initially knowledge was more technical and codified in nature, albeit rapidly knowledge permeated to intangible depths. Therefore, these intangibles have indeed developed exponentially from the initial exploration of human capital (HC) to the broader notions of social capital (SC) and intellectual capital (IC). Spiritual capital arises in this developmental path. In fact, the literature has been pointing out these issues (Amram, 2007; Fry et al., 2005; Fry et al., 2011; Zohar, & Marshall, 2000; Zohar, & Marshall, 2001) and the intangible values are considered as

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being the essence of both productivity and organizational performance. It is within this realm that, this research reflects upon the intangibles inherent in the organization. Consequently, the research indicates the link and relationship HC has with IC and SC, without losing sight that both EC and Spiritual Capital are deeply embedded in IC. This new 2<sup>nd</sup> generation Knowledge Management (KM) paradigm requires leaders to walk the talk and set the example. Therefore, leaders should change their mindset, behavior and attitudes because leadership is considered as the key to promoting this paradigm through a learning culture and leadership through values and spirituality. Shared leadership in this new mindset promotes higher levels and more efficient productivity in so far as these leaders sustain values and attitudes that are more humane thus ensuring a greater humanization of the organization.

The majority of innovation processes, regardless of their complexity, are related to a spiritual path, wherein lie the inter- and intra- organizational quality of life. Much needs to be done in this realm despite the little effort already visible. In fact, these issues have a deep relationship with intangible organizational values and are considered to be of importance because they offer sustainability for innovation processes.

The aim of this research is to evaluate the perception that employees have towards intangible values. This perception is based on the premise that the University can be regarded as a spiritual nurturing agent. This study entails a questionnaire as a data collection method distributed to a sample in higher education institutions (HEIs). The purpose of this research to ascertain whether that the findings will enable to identify those resources in the organization associated with spiritual intelligence. This research also aims to shed light on the relevance of the spiritual capital construct, with special focus on shared leadership in the HE sector. The findings will facilitate the assertion of whether or not those organizations targeted in this sector do indeed embrace spiritual capital to pave the way for the creation and implementation of organizational policies that will improve levels of spirituality and humanization in the organization.

The focus of this study presents a reflection on the role of IC in the path of towards a shift in organizational change and further reflection entails the spiritual capital construct to demonstrate spiritual intelligence as a means to nurture organizational paths of a spiritual nature. In this regard, an analysis of Fry et al. (2005) spiritual leadership model highlights values, such as altruistic love, which are closely associated with SC.

## **Intellectual Capital: The Path of Change**

In the new organizational paradigm one can expect that knowledge utilization improves employee performance and productivity. This paradigm enables individuals to reflect upon the path of employee development, namely to enhance its internal cohesion, blending cognitive development with the development of personal attributes which enhance their cognitive value. In this regard there is a connection between these constructs, from HC, SC, EC, spiritual capital to embrace IC as a whole. According to Ashar and Lane-Maher (2004), the notion of materialism, associated with the old business paradigm, is replaced with spirituality and the new business paradigm relationships. These authors further corroborate that competitiveness; individualism, rationality and hierarchical control should be replaced with collaboration, community, sustainability, consciousness, and participation in networks, continuous learning and development.

There is a significant disparity between the mindset of the old and new business paradigms, which is at times conflicting in nature. The new paradigm is positioned more in line with the tacit principals and individual mindset; McGhee and Grant (2008) posit those spiritual principals as being important in the workplace. These authors further highlight that spiritual values are considered with high regard. These

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