



Spiritual capital and practical wisdom

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Abstract

Purpose – The aim of this paper is to show the connection between spiritual capital and practical wisdom with moral virtue as the link of both concepts.

Design/methodology/approach – The concept of spiritual capital will be explained using the well known concept of social capital and practical examples for virtues.

Findings – Spiritual capital has an impact on business like other forms of capital.

Originality/value – The paper discusses the development of the concept of spiritual capital.

Keywords Social capital, Ethics, Philosophical concepts

Paper type Conceptual paper

1. Introduction

Aristotle explains that “[i]t is not possible to be good in the true sense without prudence, nor to be prudent without moral virtue” (Aristotle, 1994). I argue that an approach to practical wisdom without identifying the key personal virtues is meaningless, because practical wisdom is developed by practicing moral virtues. In this paper I will identify those virtues and will give examples how they come to the practically wise manager.

The source and vehicle of those virtues is what I call spiritual capital, which has economic functions and economic potential comparable to other forms of capital like human or social capital.

2. Social capital

Human capital, consists of the “skills, experience and knowledge, embodied in human beings,” that play an “indispensable part in the generation of profit”. Social capital is another form of asset stock: Another form of capital. In *In Good Company* Cohen and Prusak (2001) examine the role that social capital – a company’s “stock” of human connections, such as trust, personal networks, and a sense of community – plays in thriving organizations. Social capital, it turns out is so integral to business life that without it, corporate action – and consequently productive work – is not possible. Social capital involves the social elements that contribute to knowledge sharing, innovation, and high productivity.

The World Bank defines social capital as, “the norms and social relations embedded in social structures that enable people to coordinate action to achieve desired goals”. Robert Putnam, the Harvard political scientist, describes it similarly. “Social capital” Putnam writes, “refers to features of social organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (World Bank, 1985). In Cohen and Prusak’s recent seminal study, social capital consists of the “stock of active connections among people, the trust, mutual understanding, and shared values and behaviors that bind members of human networks and communities and make cooperative action possible” (Cohen and Prusak, 2001, p. 14). Social capital



makes any organization or any cooperative group, more than a collection of individuals intent on achieving their own private purposes. The term first appeared in print in 1916 in the context of academic debates on the decline of America's cities and close-knit neighborhoods. In present decades sociologists have given the term more credentials. Glenn Loury used the phrase in 1977 to describe sources of certain kinds of income disparities and Pierre Bourdieu described it as one of the forms of capital that help account for individual achievement.

In the realm of politics, Robert Putnam's (1993) landmark book, *Making Democracy Work*, convincingly demonstrated that the political, institutional, and economic value of social capital is substantial. In 2000 Putnam brought out *Bowling Alone*, a scholarly and provocative account of America's declining social capital. Numerous findings of comparative economic studies by the World Bank and United Nations corroborate Putnam's thinking; i.e. some regions of the globe lag behind while others thrive due to social capital (Putnam, 2000).

3. Spiritual capital

Less developed by far than the concept of social capital is the emerging concept of spiritual capital. When you do a thorough web search not much comes up on the topic spiritual capital. The concept is pregnant with possibilities drawing on the intersection of economics and religion and such classic works as R.H. Tawney's (1998), *Religion and the Rise of Capitalism* and Max Weber's (1995), *The Protestant Ethic and the Spirit of Capitalism*, as well as more recent political economy thinking on economics and development.

I define spiritual capital as "the fund of beliefs, examples and commitments that are transmitted from generation to generation through a religious tradition, and which attach people to the transcendental source of human happiness". Amplifying this, I think: we are moral beings, in all the ways that Adam Smith describes. But we are also spiritual beings. We seek out the transcendental source of our values. We join with others in acts of worship and prayer. Through spiritual discipline, habit and exercise, we absorb the legacy of spiritual knowledge that is contained in a religious tradition.

4. Spiritual capital and the virtues

Exactly like St Paul's fruits of the spirit, the fruits of spiritual capital are the virtues. The theological virtues of faith, hope and charity are the basis of the spiritually attuned life, and business. And it is inspiring to see how many devout Christians have courageously made their faith a key part of their organizations' values and business systems. What I call the "hard" virtues, are the virtues that we would identify as being more masculine in tone: leadership, courage, patience, perseverance, and discipline, the virtues that, to be blunt, help you get the job done. The "soft" virtues are the virtues that are more readily identified as being "softer and more feminine", the virtues of justice, compassion, forgiveness, gratitude, and humility. All these virtues have a high impact on business. I will give one example of each category in the following passage (for more examples see Malloch, 2008).

Faith – comes from the Latin *fides*, which means trust. In a practical sense, faith implies an allegiance to duty or loyalty to one's promises. In the spiritual sense, faith implies sincerity of intentions and a belief in and loyalty to God. Faith is the wellspring of purposeful living. Bill Pollard lives out his faith in the marketplace. He joined ServiceMaster in 1977 and served as chief executive officer from 1983 to 1993, when company revenues grew from \$234 million to \$6.4 billion. ServiceMaster has more than

12 million customers in the USA and in 44 other countries. Under Mr Pollard's leadership, ServiceMaster achieved an average annual return to its shareholders of 20 percent. According to Pollard, the reason behind the enormous growth and success of ServiceMaster is its commitment to honor God and develop its people. Bill Pollard has a deep, abiding faith that was formalized while he was a student at Wheaton College, solidified when he served as vice president of the school, and tangibly manifested in the marketplace during his tenure as CEO of ServiceMaster. His company mission, simply, is to honor God. Pollard has also been involved in a host of religious organizations and charities over a lifetime.

Courage – from Latin *cor*, courage means the mental or moral strength to venture and persevere, to withstand danger and difficulty. Courage is progressively more necessary as life matures us. Jesus spoke on the virtue of courage and fearless: “Do not be afraid of those who kill the body but cannot kill the soul. Rather, be afraid of the One who can destroy both soul and body in hell” (Matthew 10:28). Tom Phillips, CEO Phillips International, launched his publishing company with two newsletters, three employees and a \$1,000 investment. From that courageous entrepreneurial start-up in January 1974, the company has grown into one of the largest periodical publishers in the world. In June 1996, Phillips International passed the \$1 billion mark in lifetime sales. Thomas Phillips began Phillips Publishing with a vision: to provide specialized information in an age of specialization. While most of the word was running in the direction of mass media, Philips knew that people were “drowning in information but starved for knowledge”. He established the company as a newsletter business, seeing this medium as the most effective way to provide people with focused, “actionable information” that could improve their lives. Philips started in his basement and built a billion-dollar publishing empire that is now heavily involved in political action and leadership training. He had the courage to take risks, as all entrepreneurs do.

Forgiveness – based on the old English *forġifan*, forgiveness means to give up resentments or claims to requital against an offender. Like all virtues, forgiveness can be misunderstood and misused. “Forgive and forget” can be interpreted as “don't be angry and let go”. But the keeling effect of forgiveness it not achieved by ignoring the injuries. Rather, forgiveness cleanses the spirit from the poison of hate and anger. John H. Tyson is chairman and CEO of Tyson Foods, the world's largest multi-protein producer. Tyson employs more than 120,000 people across the US and Mexico. The company strives to live out its values: “to be an honorable and a faith-friendly company; to serve as stewards of the animals, land, and environment entrusted to us; to earn consistent and satisfactory profits for our shareholders and to invest in our people, products, and processes; to operate with integrity and trust in all we do; to honor God and be respectful of each other, our customers, and our stakeholders”. John Tyson communicates that all of those on payroll work on the same team. “We don't have employees, we have team members”, he says. So when employees filed a class action lawsuit, John Tyson had to dig deep to forgive. The suit was brought on behalf of all persons legally authorized to be employed by Tyson Food at 15 of its facilities throughout the USA during a four-year period. Tyson leads a huge organization in the cutthroat world of agribusiness. He went through bankruptcy and learned to forgive based on his own personal experience.

Since at least the time of St Thomas Aquinas, virtue ethicists have noted a distinction between primary and secondary virtues. The former (honesty, faith, justice, and gratitude, etc.) are virtues which always make one a better person for possessing them, regardless of other dimensions of one's character, while the latter (courage,

loyalty, perseverance, discipline, etc.) make one overall a more excellent person only if one also possesses primary virtues in good and ample measure. For a negative example of this, consider that a CPA who is disciplined, perseverant, and loyal to his CEO whom he knows to be unscrupulous is overall a more dangerous person to society than if he were undisciplined, lazy, and rather disloyal to his unscrupulous boss. Ultimately, as Plato indirectly showed in *The Republic*, there is indeed a hierarchy of virtues. A truly excellent person needs to possess (more or less) all of the virtues, but that does not mean that all the virtues are of equal priority.

Two distinguishing marks of virtue-oriented thinking are:

- the recognition that the best plans, ideas, or rules are worth little unless one possesses the personal character necessary to see them through; and
- personal character ultimately consists of habits of life, habits of the soul, which equip one to conduct a morally successful life, a life worthy of the richest notion of honor.

5. Social capital and spiritual capital

So what is the difference then between social capital and spiritual capital? Social capital and the enterprises they sustain are built up through social interaction; virtue is part of it, to the extent that virtue is encouraged by social mores, by the praise and criticism of one's fellows, and by the interaction whereby we learn the ways of trust. But spiritual capital, while it feeds into that process and provides it with an invaluable underpinning, is built up in another way. It comes from another relation altogether than the relations of human society: the relation with God. The reaching out towards God through worship, prayer, devotion and pious observance is a specific kind of discipline, which is not the discipline of human society. It involves an act of metaphysical submission, a bowing down of the whole spirit to a power that lies beyond the world of our perception. This posture of spiritual reception, whereby the individual opens his heart to an other-worldly form of obedience, is the core of piety, and it provides unique forms of "practical knowledge" – for example, the knowledge of what to do and how to act in circumstances where the existing writ of social mores does not run, the knowledge of how to forgive someone who has tried to destroy you, the knowledge of how to ask forgiveness for your own recognized faults. It also begins with thankful praise and leads to humility and gratitude. As Max DePree, CEO of Herman Miller the global office furniture company once said, in *Leadership Jazz*, "the first and last word of leadership is thanks". It both sets the directions and motivations for management (Malloch, 2008, pp. 119-20).

6. Conclusion

The Christian tradition of practical wisdom brought forward by St Thomas and reflected in the natural law tradition sees the moral life not as a matter of what you do but of what you are. The fundamental notion was not duty but virtue. And the task of the educator was to describe the virtues that we should emulate. This practice today is carried on through spiritual capital in families, schools, voluntary associations and in civic life but it is also a strong component of enterprises.

The spiritual capital built up by previous generations can be borrowed and invested by others who do not have the faith to renew it, though at some point it surely must be renewed. This renewal of spiritual capital in the business sphere and its specific enterprises is what faith-guided and faith-friendly companies achieve. We have been

taught a necessary and punishing lesson in this current financial crisis, become a moral crisis of that very fact. For only in so doing will each of us and our enterprises realize an incomparable source of the certainties that we need in order to succeed in the highly competitive and interconnected international commerce that we have come to experience and expect more and more in this still emerging twenty-first century.

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