

# SPIRITUAL CAPITAL AND SMALL AND MEDIUM ENTERPRISES: A STUDY OF HARYANA STATE

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## ABSTRACT

*Spiritualism plays a very significant role in the personality, thoughts, and behaviour of an individual and it also very much significant in improving emotional intelligence, emotional quotient and work performance of an individual. In this paper, author explores the presence of spiritual capital in small and medium enterprises. Data from a sample of 314 SMEs is collected from the SMEs of Haryana state and the same has been analysed using descriptive statistics and confirmatory factor analysis.*

**Keywords:** *Spiritual capital, Intellectual capital, SMEs, Haryana, Enterprises*

## 1.Introduction

Performance of human resource in any enterprise is governed by a kind of motivation and spiritual capital directly or indirectly motivates a person to perform effectively and efficiently.

Goparvar and Ashashi (2014), defined spiritual capital as “spiritual capital is spiritual-mental joy, power, and energy which have been created because of the psychological connection between human beings and the unique power of the mighty god and leads to purposeful and hopeful behaviors and patients as far as fulfilling small and big goals are concerned”.

Further, Zohar and Marshall (2004), coined the spiritual capital as “spiritual capital is a factor that moves the organization and generates energy, because of which the organizations would have capabilities that would lead to their development and excellence”. Palmer and Wong, (2013) defined spiritual capital by giving a working definition as “the individual and collective capacities generated through affirming and nurturing the intrinsic spiritual value of every human being”. Lilland and Ogaki (2005) said that spiritual capital as attachment to God is “intangible objects in the form of rules for interacting with people, nature and spiritual beings and believed knowledge about tangible and spiritual worlds”. Liu (2007) stated that “spiritual capital – power or advantage not rooted in material, intellectual, social realms”, he further stated that “spiritual capital is the power, influence and dispositions created by a person or an organization’s spiritual belief, knowledge and practice”.

In this paper an attempt is made by the author to explore the presence of spiritual capital in the sampled small and medium enterprises.

**2.Research Methodology:** In this study, exploratory research design has been used by the author. Data from 314 small and medium enterprises was collected using a standard survey instrument which was framed by “Muhammad Khalique and Patricia Ordonez de Pablos” (2015). Survey instrument was framed at likert scale from “Strongly Agree” to “Strongly Disagree” (five point). Permission to use the questionnaire for collection has been granted by the corresponding author (Proof attached as appendix). Survey instrument will be circulated via both personally as well as online using Google Form. Collected data analysed using descriptive statistics (like mean, frequency, cumulative frequency, percentage). Further, “Confirmatory Factor Analysis” is used to confirm the constituents of intellectual capital.

### 3. Analysis and Results

**Table- 1** Spiritual Capital

	N		Median	Range	Min	Max	Sum					
	Valid	Missing						SA	A	N	D	SD
SP1A	316	0	2	3	1	4	639		(15.8%)50		(54.7%)173	(29.4%)93
SP1B	316	0	2	3	1	4	577		(7.6%)24		(59.8%)189	(32.6%)103
SP1C	316	0	2	4	1	5	755	(15.8%)50	(13.9%)44		(33.9%)107	(36.4%)115
SP1D	316	0	2	4	1	5	717	(15.8%)50	(5.1%)16		(48.4%)153	(30.7%)97
SP1E	316	0	2	3	1	4	738		(37%)117		(22.5%)71	(40.5%)128
SP1F	316	0	2	4	1	5	728	(15.8%)50			(67.1%)212	(17.1%)54
SP2A	316	0	2	3	1	4	640		(9.8%)31		(73.1%)231	(17.1%)54
SP2B	316	0	1	3	1	4	528		(10.1%) 32		(36.7%)116	(53.2%)168
SP2C	316	0	2	3	1	4	536		(3.8%)12		(58.2%) 184	(38%)120
SP2D	316	0	2	3	1	4	605		(16.5%)52		(42.1%)133	(41.5%)131
SP2E	316	0	1	3	1	4	510		(6.3%)20		(42.4%)134	(51.3%)162

The above table No. 1, 'SP1' is pertaining to "Religious" in which SP1A which is "In our organization employees work to the best of their capabilities because they believe and practice working is part of their acts of devotion to God", SP1B which is "Our organization has faith in the management team to perform their duties well", SP1C which is "Our organization is more profitable due to religious belief", SP1D which is "Our employees are committed to work as usual even they were not promoted like their colleagues, even juniors", SP1E which is "We have religious key values, e.g., honesty, total commitment, care and respect to customers", and SP1F which is "Due to religious teaching, employees are sincere and honest in their duties" and 'SP2' is pertaining to "Ethic values" in which SP2A which is "Our organization is more profitable due to good hearted activities", SP2B which is "Our organization has key values, honesty, total commitment and respect to our employees", SP2C which is "In our organization, employees are truthful in performing their jobs", SP2D which is "Our organization practices good business ethics in daily business operations", and SP2E which is "Our organization culture is based on trust, shared knowledge, mutual respect and reciprocity, which results in continuous innovation for the organization".

The results of Spiritual Capital (percentage analysis and cumulative frequency) clearly depict that all the statements pertaining to spiritual capital are showing positive results but not significant.

**Table-2** Normality Analysis

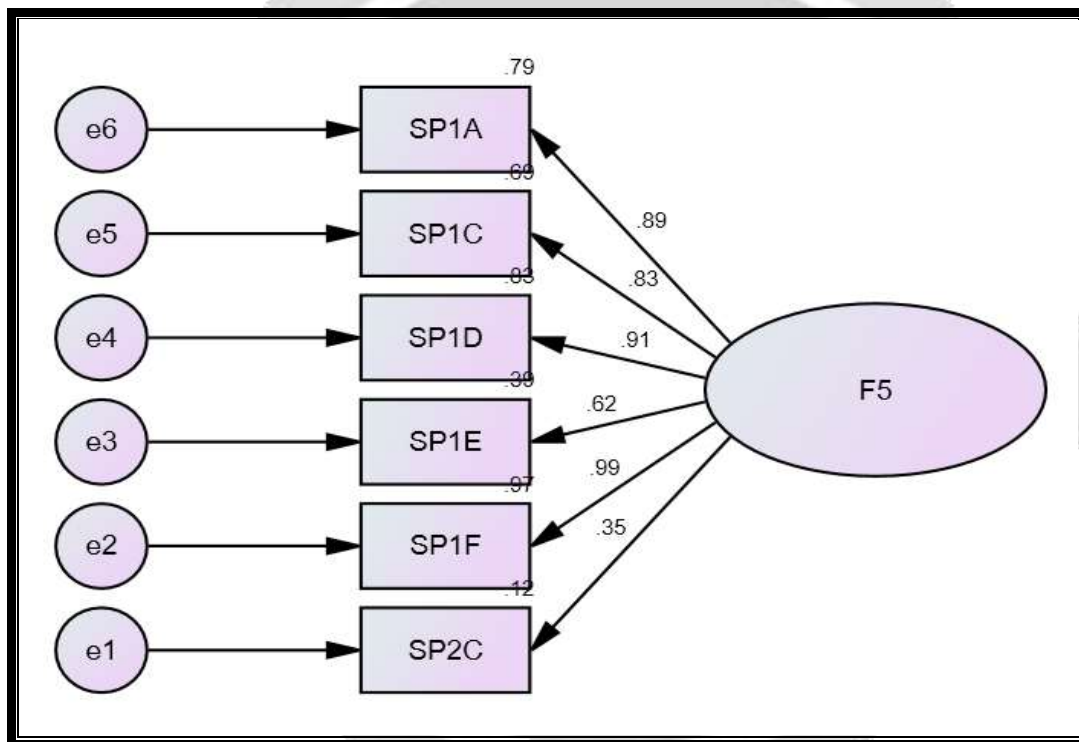
Variable	min	Max	skew	Kurtosis
SP1A	1.000	4.000	1.020	.193
SP1C	1.000	5.000	.739	-.994
SP1D	1.000	5.000	1.122	-.097
SP1E	1.000	4.000	.311	-1.686
SP1F	1.000	5.000	1.468	.924
SP2C	1.000	4.000	1.210	3.030

In the above table, the value of skewness pertaining to all the manifest variables of Spiritual capital is between -.5 to +.5 (except SP1A, SP1D, SP1F and SP2C), which clearly infers that normality is present in the data. Further, the value of kurtosis also falls between -3 to +3 in the above table which also clear that data is normally distributed.

**Table-3** Factor Loadings

	Items		Estimate
SP2C	<---	F5	.346
SP1F	<---	F5	.987
SP1E	<---	F5	.623
SP1D	<---	F5	.912
SP1C	<---	F5	.830
SP1A	<---	F5	.887

In the above table, factor loadings for all the constituents of Spiritual Capital is above .3 which infers that all are constituents of Spiritual capital.



**Picture-1** Spiritual Capital

In the above picture, factor loadings of the manifest variables is above .3.

**Table-4** Model Fit Indices

<i>Fitness indicator</i>	<i>Criteria</i>	<i>Validation value</i>
<i>Absolute fit indicators</i>		
$\chi^2/df$	< .05(P value)	0.000
GFI	> 0.90	0.786
RMR	< 0.05	0.126
RMSEA	< 0.05 or 0.05-0.08	0.073
<i>Incremental fit indicators</i>		
NFI	> 0.90	0.784
CFI	> 0.90	0.787
IFI	> 0.90	0.788
<i>Goodness of fit index</i>		
PNFI	> 0.5	0.470
PCFI	> 0.5	0.472

In the above table of model fit indices of spiritual capital; all the fit indices are showing value not equal to the minimum threshold value but very near to threshold criteria which infers that model is not perfectly fit for goodness of fit but it also not showing that model is good for badness of fit. Ergo, it can be stated that default model is moderately fit for goodness of fit and bad for badness of fit. Results of this model too indicates that the model is moderately good fit model for Indian SMEs. At last, it can be concluded that *H1: Spiritual capital is the constituent of intellectual capital in context of Indian small and medium enterprises is approved.*

#### 4. Discussion and Conclusions

The results of Spiritual Capital (percentage analysis and cumulative frequency) clearly depict that all the statements pertaining to spiritual capital are showing positive results but not significant. From the descriptive analysis it is crystal clear that the level or proportion of “intellectual capital” is very low in the small and medium enterprises in the study and so is the case with “organizational performance”. For spiritual capital Raco et al. (2019) clearly stated that “spirituality is considered to be an essential nature of human being that strengthens their purpose and mental power to do something for the betterment of many people and it is becoming an important topic in management and economics, particularly in entrepreneurship. And it is an animating force and vital principle that motivates entrepreneur to run a business which is not merely for making profit but, enabling them to better serve people”. Giacalone and Jurkiewicz (2003a) defined spirituality as “an intrinsic drive and motivation for people to learn and to find meaning in their work. It is something from within a human being that urges him or her to actualize his or her dreams or ideas.”

On the contrary, Steenkamp and Kashyap (2010) in their study unable to find any proof that intellectual capital is significant for the SMEs performance. No doubt their study shows an inverse relationship between intellectual capital and organizational performance but according to Daou et al., (2014) according to him recently SMEs have started considering the value of relational capital and they strongly believe that relational capital works as a significant indicator in business success.

In conclusion, it is stated that spiritual capital affects a person significantly but there is a condition that they should be interested in knowing spiritualism. And enterprises should take initiatives in creating interest in spiritualism and also follow a spiritualistic approach in managing and encouraging human resources.

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