SPIRITUAL INTELLIGENCE AS A DRIVER OF FINANCIAL INTELLIGENCE IN A COMPANY

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Abstract
The main concern of this paper is to show that an important way of improving the economic performance of a company is the never-ceasing improvement of the spiritual intelligence of its employees, which may turn into a driving force of the company's financial intelligence, namely the intelligence to take financial decisions that can create overall value for a company by driving the growth of demand from many categories of stakeholders (not just from investors!) for their lasting involvement in the continuity and development of its business.

Keywords: Spiritual Intelligence, Financial Intelligence, Financial Literacy, Company's overall value

JEL classification: G39, Z19

1. Introduction
The idea of this paper started from the desire to take advantage of the latest findings regarding spiritual intelligence for the economic field in general, for the financial one in particular. This desire was born from the belief that interesting results can be obtained from two recent developments: on the one hand, the intensification of concerns about spiritual intelligence as the ultimate intelligence; on the other hand, the one related to the efforts to launch new proposals of concepts regarding intelligence, among which I find especially welcome those regarding the concept of financial intelligence.

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Today, there is a great need for a true financial intelligence. Its lack often translates into a waste of important economic resources, with long-term consequences. Starting from this fact, one can advance the idea that true financial intelligence is not validated by achieving only selfish goals of some or other of the socio-economic actors.

I believe that the fruits of financial intelligence should consist primarily in the harmonization of interests of different categories of socio-economic entities, without affecting any legitimate general interests.

In this sense, at the level of a company, financial intelligence would be reflected by the increase of the company's overall value due to the increase of the demand for involvement in its business from different categories of stakeholders, provided that any legitimate interest of other socio-economic entities is not harmed. Otherwise, a certain financial cleverness can come into question, but not financial intelligence.

Thanks to Karen Berman and her collaborators (Berman et al., 2006 and 2013), in recent years efforts have been made to conceptualize the “financial intelligence” at the level of a company workforce. Unfortunately, in their work this concept is confused with that of financial literacy. Also, no further necessary distinction is made between financial intelligence and financial cleverness.

However, an important result of these efforts is the finding that the financial literacy improvement and the permanent sharing, on this basis, of the financial data about a company, results in a higher organizational performance as well as improved attitudes of the employees towards it.

Financial intelligence is a more demanding concept than that of financial literacy in the sense that it should not only be related to financial data and information (which would actually mean reducing it to financial literacy). Financial intelligence is especially related to the quality of financial decisions, considering that financial decisions are of a higher quality insofar as they ensure the simultaneous satisfaction of several categories of stakeholders, without affecting any legitimate interests of others.

2. Financial literacy, financial cleverness and financial intelligence

In the preface of the 2006 / 2013’ work, “Financial Intelligence. A manager’s guide to knowing what the numbers really mean”, Berman, Knight and Case claimed that greater “financial intelligence” can lead to a significant amplification of people's sense of belonging, employment and involvement in
the economic activity of a company: “They understand better what they are a part of, what the organization is trying to achieve, and how they affect results. Trust increases, turnover decreases, and financial results improve” (Berman et al., 2006 and 2013).

The efforts to improve financial knowledge in a company at all levels are based on the belief that a better understanding of the financial information and of the way the financial success is measured helps its employees, managers and leaders to take decisions and make actions based on the understanding of the financial impact of those decisions and actions. For example, it is claimed that if anyone in the company is aware of the financial objectives of the organization or of the way he can bolster them, then the company is going to get a superior financial performance (Dolezalek, 2006).

Such assumptions were put forward in this sense several years ago by Peter F. Drucker. Here are one such valuable idea (Drucker, 2012): “The worker should be enabled to control, measure and guide his own performance. He should know how he is doing without being told.”

Almost 30 years ago Edward E. Lawler, Susan A. Mohrman and Gerald E. Ledford (Lawler, Mohrman & Ledford, 1995), concluded that the companies whose employees are interested and participate in decisions regarding their jobs and work environment, tend to be more productive and more competitive due to higher quality services and products. According to these results, sharing information would be one of the factors with the greatest impact on the performance of organizations.

The contributions of these and other similar findings are very valuable, but they lack the necessary distinction between financial literacy, financial cleverness and financial intelligence. While financial literacy is about knowing, sharing and interpreting financial data and information, financial cleverness and financial intelligence are related to the financial decisions. Thus, financial cleverness depends upon the quality of financial decisions taken for accomplishing some financial goals of some stakeholders (especially the shareholders), without necessarily taking into account the interests of other categories of stakeholders. Financial intelligence makes one step forward by the concern of taking in consideration the main goal of maximizing the degree of harmonization of the interests of as many as possible categories of stakeholders of the company. Of course, this does not mean that financial intelligence does not imply financial cleverness or financial literacy.
This results in the fact that while the financial literacy or cleverness of employees can lead, as these authors have shown, to an increase in the company's current performance, financial intelligence can contribute to something more important, namely to the sustained increasing of its overall value, by which I mean the value in the perception of all stakeholders, not only in that of shareholders.

The degree of financial intelligence in a company is reflected by the cohesion between the different categories of stakeholders of the company (shareholders, managers, employees etc.) generated by its financial decisions, whether they are decisions of financing, allocation or investment of financial resources.

Unfortunately, it seems that most often the financial literacy of their employees is not a current concern in most companies. Very recently, of the 26 master students currently attending my financial management seminar classes, none knew at the beginning of the semester what a company's turnover means and also did not know the profit recorded in the last year (2019) by the companies they work for. Likewise, at the level of the management of many Romanian companies there is a real secrecy related to their financial data, even when they can be found from public sources.

Berman and Knight undertook in 2009 a national study designed for a representative sample of nonfinancial managers in the United States, based on a finance exam. The twenty-one questions that made up the exam were all based on concepts supposed to be known by any company executive or junior finance person. A spectacular result of this study was that a large part of them were unable to recognize the difference between profit and cash or to distinguish the income statement from the balance sheet. A high percentage (approximately 70%) couldn’t identify the correct definition of the free cash flow, so popular among the Wall Street investors (Berman & Knight, 2009).

Given the fact that in recent years CFOs tend to occupy higher and higher positions in the top management of companies, one can suppose that most companies now place a great emphasis on financial cleverness of employees acting on their behalf. What is most discouraging, however, is the fact that many companies are not concerned in any way with the issue of financial intelligence, in the sense that I propose for this concept.
3. The concept of spiritual intelligence and the link between it and the concept of financial intelligence

The concept of spiritual intelligence has emerged as a somewhat natural consequence of results of research in the field of multiple intelligence theory. Based on these achievements, at present are recognized, to some extent, eight types of intelligence. Some correspondences were determined between each of the eight types of intelligence and certain socio-professional skills: 1. Linguistic; 2. Spatial; 3. Kinesthetic; 4. Logical-mathematical; 5. Naturalist; 6. Interpersonal; 7. Intrapersonal; 8. Existential. The last one (existential) is very close to spiritual intelligence, being specific to thinkers, essayists, philosophers etc. However, “we can stay in this area of existential intelligence without growing in goodness; it is just astonishment or sometimes a disappointment about the world and the way it works” (Mihalache 2019).

Each of the eight intelligences enumerated above is a source of power. Someone who, for example, is very good at interpersonal intelligence could abuse this intelligence by using his power to subdue others, because he knows very well what he has to say to be extremely convincing.

As Katarzyna Skrzypińska (Skrzypińska, 2020) recently showed, a new type of intelligence can be added to these eight types of intelligence, namely spiritual intelligence.

This intelligence can help us not to remain captive to any other intelligence which manifests itself as a source of power (Mihalache 2019). The renowned social psychologist Philip Zimbardo (Zimbardo, 2007), showed that people tend to identify with the role of power in which they feel best and that slowly begins to take over their lives. Spiritual intelligence is precisely essential in helping us to get out from such a role of power.

An instrument often used in recent years to measure spiritual intelligence is the one proposed by David B. King. It`s about the so-called SISRI-24, an instrument organized around the following four scales (King, 2008b): 1. Critical Existential Thinking (CET), related to ability to contemplate critically and analytically ultimate questions; 2. Personal Meaning Production (PMP), identified as the ability to derive personal meaning and purpose from all of one’s experiences; 3. Transcendental Awareness (TA), that can be defined as the ability to easily spot transcendental aspects of the inner or of the outer reality of the self, as well as the various relationships between them, during normal states of consciousness;
4. Conscious State Expansion (CSE), namely the ability to easily enter spiritual states of consciousness (as in prayer, meditation, contemplation etc.).

As I will argue below, what is missing from this list is the ability to be virtuous. The term spiritual intelligence was introduced by Zohar (1997), while Emmons (1999) views it as a means of achieving spiritual goals and sustaining the efforts they entail (see also Haľama & Stříženec, 2004).

During the research on spiritual intelligence, several conceptualizations of this construct have been evolved. Going through this line of thinking, it can be noticed that spiritual intelligence has so far been addressed rather as a concept very related to self-consciousness and wisdom, being usually seen as an ability to make it easier to find the meaning of life. This line of thinking makes it, unfortunately, quite difficult to distinguish between spiritual and existential intelligence. Among the five components of spiritual intelligence identified by Emmons (2000a) was also featured “the capacity to be virtuous”. In response to Mayer’s (2000) criticism of this component, which would rather refer to ethics and personality than to intelligence, Emmons unfortunately removed it from his revised model (Emmons 2000b). I claim that especially such approaches to spiritual intelligence - that is clearly separated from the question of virtues - open the way for confusion between spiritual and existential intelligence.

Vineeth V. Kumar and Manju Mehta identified spiritual intelligence as "the capacity of an individual to possess a socially relevant purpose in life by understanding 'self' and having a high degree of conscience, compassion and commitment to human values" (Kumar & Mehta, 2011, p. 284). But the true human values can only be achieved through virtues, defined as steadfast dispositions of the soul seeking to do the good and avoid evil. Spiritual intelligence is intimately linked to virtues, because what can motivate the human soul to seek the good is only the spirit, through which man differentiates himself from both animals and robots.

Unfortunately, confusion persists between these two terms: soul and spirit. This confusion is fuelled by another: that between the animal soul and the human soul. I believe that an important clarification in this direction can be made considering what Teofil Părăian, a great Romanian spiritual adviser, stated: "If by soul we understand everything that man has superior to the body, to the animal, in this case it is correct to say: man is made up of body and soul [human]. And if by soul we understand only what the animal has (animal
soul), and by what man has superior to the animal, we understand something other than the soul, that is, we understand the spirit, then we can say that man is made up of body, soul [animal] and spirit" (Părăian 2012, p. 89-90).

This may explain the fact that spiritual intelligence can differentiates us from both animals (which benefit, in return, from a higher emotional intelligence, instinctively knowing how to adapt to situations and to the environment) and robots (endowed with a high rational intelligence, but lacking any true understanding of human emotion) (Snow, 2019).

For human beings, the meaning of what they do is crucial, but it must be emphasized that the meaning of human actions is one of a spiritual nature and it cannot be separated from the problem of virtues. More than that, I argue that for the pursuit of spiritual intelligence it is essential that, unlike animals or robots, human beings are able to enjoy the so-called fruits of the Spirit.

A genuine place where these fruits of the Spirit are described is the Epistle to the Galatians (Cornelius, 2014): “But the fruit of the Spirit is love, joy, peace, long-patience, goodness, doing of good, trust in good, gentleness (meekness), suppression of lusts (self-control / temperance): against such there is no law” (Galatians 5:22-23). As Teofil Părăian showed, these fruits of the Spirit form together a ladder made up of nine virtues centered on gentleness: “Here things must be thought from the end to the beginning. In the list he gives, the Holy Apostle Paul begins with the highest of virtues, with the highest appearance of the fruit of the Holy Spirit, with love, and ends with the suppression of lusts. But the spiritual ascent begins with the overcoming of lusts, then comes gentleness (meekness), then faith as trust with conviction in good, then the doing of good, then goodness; goodness brings long-patience, long-patience brings peace, peace brings joy and joy brings the highest of virtues, love” (Părăian 2006, p. 129-130).

It is described here a scale of the highest virtues of human beings, which has at its centre the virtue of goodness. As a means of ascending this ladder of virtues, spiritual intelligence gives the opportunity to find the deepest meaning of life in overcoming one's own selfish ego in order to relish the ultimate fruits of the spirit: long-patience, peace, joy and love. Spiritual intelligence can make man superior to animals or robots, but this superiority can only be achieved by ascending this ladder of virtues. As Ernest Bernea, a Romanian sociologist, ethnographer and philosopher, said: “To be superior to someone means to surpass him in love, in freedom, in apprehension as a complex moral act, in the power of sacrifice, that is to surpass him in spiritual
wealth” (Bernea, 2011, p. 61). Therefore, being virtuous is something that can be characteristic only of humans and not of robots or animals, and this trait can be seen as the most important sign of spiritual intelligence.

The central role of the virtue of goodness for the assessing of spiritual intelligence has been very suggestively expressed by philosopher N. A. Berdiaev (1874-1948), who claimed that “Care for the life of another, even material, bodily care, is spiritual in essence. Bread for myself is a material question; bread for my neighbor is a spiritual question” (Berdyaev, 1935). With the words of G. Campbell and A. Corwin: “One of the key benefits of spiritual intelligence is that it brings about a perspective shift because people who develop it reduce their dependence on ego” (Campbell & Corwin, 2018).

It can now be shown that spiritual intelligence in this sense can be seen as a driver for financial intelligence in a company. In this regard, an important idea from the first part of my paper was that the motivation of stakeholders to bring their contribution to the success of the company increases with their financial literacy about its financial condition. One question that arises and I consider essential is why this positive correlation manifests itself. I claim that a promising answer to this question can be found if it is related to spiritual intelligence. The four highest virtues of the spiritual ladder are in fact virtues of harmonious coexistence and collaboration with other men. As G.M.H. Loubser (Loubser 2009, p. 366-367) said, “all right-minded communities” admire the virtues of Galatians 5:22-23.

For spirituality in the true sense of the word, the harmonious coexistence and collaboration with others is essential. This may explain why, when people experience workplace spirituality, they feel a stronger emotional attachment and loyalty to the organization they belong to (Rego & Cunha, 2008). In the same context it can be mentioned that, according to M. Mousa and R. Alas (Mousa & Alas, 2016), spirituality may be a dynamic factor in building the trust between employers and their employees, which can further positively determines the overall organizational performance. Therefore, high spirituality can make employees (including managers) more responsible, loyal and committed to their companies. If financial intelligence should not presuppose the condition of spiritual intelligence, it would mean that companies such as Enron, Worldcom Freddie Mac, Lehman Brothers, Bernard L. Madoff Investment Securities or Wirecard to name but a few of the most resounding from the last years, could be seen as very successful examples of financial intelligence in action, which of course is not the case at all.
5. Conclusions

A clearer distinction is needed between financial literacy, financial cleverness and financial intelligence. This distinction is especially important for the fact that while the financial literacy and financial cleverness of employees can lead to an increase of the company's current performance, financial intelligence can contribute to something much more important, namely to the sustained increasing in its overall value, by which I mean the value in the perception of all stakeholders, not only in that of shareholders.

Spiritual intelligence helps us not to remain captive to any other intelligence, being closely related to the ability to be virtuous, that is, to be able to coexist in harmony and collaborate with other people. Being related to ability to be virtuous, spiritual intelligence can make employees (including managers) more responsible and even loyal to their organizations. Further, increasing responsibility, loyalty and commitment to one's own company can be a way to get an increased interest in its greater overall value, that is, for achieving the ultimate goal of the company's financial management.

This causal chain may turn spiritual intelligence into a driving force of the company's true financial intelligence, an essential factor for the subsequent increasing of its socio-economic value, even in the context of the imperative transition to a circular economy.

6. References


