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5 Spirituality and Religion: Influencing the Strategic Management Field of Research

Introduction

On August 19, 2019, the Business Roundtable (BRT) – a group of prominent CEOs of companies, including JPMorgan Chase, Amazon, Apple, and Walmart, among others – released a statement declaring that the purpose of the corporation no longer gives shareholders special consideration, but rather that corporations should serve the interests of all of their stakeholders.

(Harrison et al., 2020, p. 1223)

This declaration signals an important shift occurring in the strategic management field. This announcement by the BRT acknowledges a change in awareness from understanding the purpose of an organisation as solely concerned with increasing shareholder wealth to a purpose where organisations are at the forefront of creating a more economically, socially, environmentally and spiritually responsible planet. As Frederick stated back in 1998, it is unfortunate that we continue to see the corporation as the “central star in the solar system” (p.42), around which society revolves. Rather, we should see organisations as an integral part of society.

The focus of this chapter is to review the influence of spirituality and religion on the strategic management field. Before turning to this review, and acknowledging that while the terms spirituality and religion are often used interchangeably, each has its own distinctive characteristics. Spirituality encompasses an individual transcendent search for meaning and purpose that stems from inner-based contemplative practices (Ashmos & Duchon, 2000; Driver, 2005); whereas religion is seen as an organized institutional belief system with some degree of faith in a transcendent hereafter (Ashmos & Duchon, 2000; Gümüşay, 2019). The chapter examines this domain intersection in three sections. The first examines the impact of spirituality and religion on the traditional strategic management process; the second section examines the person as an agent of emergent strategic change; and the third section examines a more contemporary and dynamic perspective of strategic management that now extends the firm’s role and purpose as being an integral part of society.

Strategic Management As a Process

Strategic management is the process of guiding an organisation into a desired and created future, realised through two central elements: the creation of a strategy that best aligns the organisation’s activities with the external environment, and the

implementation of this strategy through resource allocations (Barney, 1991; Newbert, 2007). Both of these elements are moderated by ongoing planning, monitoring, analysis and assessment of all activities to evaluate whether the organisation is on target to meet its strategic vision and alignment with the dynamic and changing external environment. Strategic management includes sub-fields of diversification, mergers and acquisitions, strategic alliances, competitive dynamics and interfirm rivalry.

This review regarding the impact of spirituality and religion on strategic management was undertaken through a google search using the terms Strategic Management, Strategy, Spirituality, Religion, and also a manual search using the same keywords through leading journals that included the *Strategic Management Journal*, *Academy of Management Review*, *Academy of Management Journal*, *Academy of Management Perspectives*, *Journal of Management Studies*, and relevant journals that include: *Journal of Business Ethics*, *Business and Society*, *Business Strategy and the Environment*, and *Journal of Management Spirituality and Religion*.

Surprisingly, there were very few studies that directly link spirituality and religion with the strategic management process. Most of the references to the above key words referred to functional level management such as ‘coping as a strategy’; ‘spirituality as a strategy’ or ‘strategies for religious entities’. The most prominent research article that emerged from this search was Barron and Chou’s (2017) work whereby they explore corporate level strategy through a spiritual lens. They focus on the four stages of the strategic management process: the development of an organisation’s vision and mission that should focus, they argue, on perpetuity from a perspective of transcendence – enabling the organisation to look into the future beyond physical limitations and barriers. The second stage, that of assessing environmental conditions, can be attained through relying on an inexhaustible source of will; the third stage involves finding alternative strategic scenarios and they argue, these can be sourced through the supreme power. Finally, implementation of the strategy can be achieved through focus on a sense of oneness within humanity. Barron and Chou (2017) clearly make a connection between the four stages of strategic decision making and being guided by a supreme force. However, the practical application of this conceptual framework is not clear and it remains a descriptive framework, rather than a theoretical contribution that extends the field.

In terms of the leading journals, the *Strategic Management Journal* has acknowledged the importance of religion in two articles. The first was an investigation by Miller back in 2002 who argued that religious organisations should engage with competitive strategies, particularly from a perspective of resource complexity and institutional theory. This prompted a wider debate on the appropriability of applying economic theory that underlies strategic management concepts – such as value creation and competitive markets – to religious organisations. Indeed, Gomez and Moore (2006) argued that the use of strategic management concepts is a paradox for religious organisations. For example, attendees of certain churches are unlikely

to 'switch' religions as they would cell phone or toothpaste brands. They argue that attendees of churches are therefore not customers in the economic sense and hence the issue of interfirm rivalry is undermined. Gomez and Moore also question how value can be explained in terms of product/market services when it is one's religious beliefs that is at stake. These critiques aside, Miller's (2002, 2006) work is the first to conceptually link religious organisations within a strategic management framework and prompted discussion around these dichotomies.

More recently, Damaraju and Makhija (2018) examined CEO selection based upon social proximity, using a database of India's various castes/religions. This research recognises that the values and beliefs of the CEO impacts on corporate strategy and organisational direction, and may well spark a future conversation. In 2019, the *Academy of Management Perspectives* published a symposium on "With or Without Spirit" but these research articles focus on leadership and entrepreneurship. They do not specifically address corporate level strategy.

There have been references to spirituality as a source of sustained competitive advantage in the Resource-Based View (RBV) framework, but again, despite describing the possibility, there has not been any in-depth analysis of how religion and spirituality as a source of inimitability and nonsubstitutability could be developed and sustained (Arbaugh, 2001, 2006; Barron & Chou, 2017; Miller, 2002). Arbaugh (2001) maintains that since resources are "bundled" from an individual level up to the organisation level, the inimitability and tacitness of religious values can play a key part in the formation of an organisation's dynamic capabilities. Belief systems that stem from spirituality could very well differentiate the strategic positioning of one organisation from another, with the assumption that the integration and interconnectedness that stems from ethical and socially responsible behaviour becomes embedded into the cultural values of the organisation (Driscoll et al., 2019).

Some discussion exists on the role of religion on firm governance and performance data. Using a large sample of firms domiciled across 12 European countries, Alsaadi (2021) found that religious-based index membership was often used as an impression management tool to attract further investment. In another study using panel data of 806 U.S. firms, Xu and Ma (Xu & Ma, 2021) found that in their ratings of corporate social responsibility (CSR) performance, firms with top managers who had attended religiously associated schools outperformed firms with no such managers. The positive relationship between religious school attendance (RSA) and CSR performance was stronger among firms with lower levels of community religiosity. These studies confirm that trust relationships are developed as a consequence of shared religious experiences, acting as a form of social capital development (Marks & Mudely, 2021). However, these studies above have not extrapolated these findings to how these religious-based relationships affect corporate level strategy.

Thus, there has been very little influence of spirituality and religion on the mainstream strategic management field. Pavlovich and Markman (2021) contend that the absence of spirituality and religion in mainstream journals may possibly be a reluctance by researchers to openly acknowledge a belief in something beyond the self, as it challenges our fundamental beliefs regarding the rationality of science. Acknowledging our spirituality would ask us to revisit our ontological assumptions regarding the nature of our research and our role in the world. This may indeed be why few have attempted to integrate corporate level strategy with the faith-based mystical elements of spirituality and religion.

Strategic Management As Agency – Emergent Process

If we move from a functional view of strategic management and examine the more emergent aspects of strategic management as agency, there have been a small number of contributions that explore the creation of strategic direction from a) a leadership perspective and b) from the impact of personal spirituality. Both of these approaches view strategy as an emergent process rather than the above more planned approach.

From a leadership viewpoint, the link with corporate level strategy has been noted, but this research does not clearly pull together the strategy process and spirituality. In a review on the literature on spiritual leadership, Oh and Wang (2020) found that motivating people to pursue the organisation's vision and mission was one of the three central contributions to the leadership field. Interestingly, they found that most of the research examined the impact on followers and their organisational commitment, not the impact of the leader's spirituality itself. In a second study, Phipps (2012) proposed a framework describing how the personal spiritual beliefs of a top level leader can influence strategic decision making. She provided a multi-level schema examining how these leaders filter and frame information for strategic decision making through these meta-beliefs. However, this framework is quite generic and difficult to see how it has a direct impact on strategic decisions. In the research on CEO selection noted earlier, Damaraju and Makhija (2018) found that caste/religion played an important role in CEO selection, i.e., as a form of information or "positive discrimination." While this is not directly related to strategic management, the impact of leader choice clearly has a direct impact on corporate level strategy. Thus, the question of how spirituality and religious beliefs influence this process has been rarely examined, yet has the potential to play a significant role in the future aspirations of the organisation.

Strategic Management As Purpose – Linking Organisations and Society

Despite the absence of studies integrating strategic management with spirituality and religion, the field is in the process of redefining itself away from the primacy of shareholder wealth to one that recognises the significant role that business can play in redefining and recreating society. Thus, the field is realigning from the corporate strategy question of “how might organisations position themselves in the future to increase shareholder wealth?” towards “how might organisations lead the creation of an ethical and sustainable societal future?” Of course, the planning processes of strategic management remain important, as does looking after shareholder investments, but there is a shift in emphasis in terms of the weaving together of the organisation-society interface – acknowledging that organisations are not the central star in the solar system (Frederick, 1998). In the following sections, I explain this evolution in terms of connectedness (a stakeholder view) and interconnectedness (a spiritual view).

A Stakeholder View

This exciting shift now places a higher order purpose at the core of the organisation’s activities. From a spiritual perspective, this higher order purpose is a *directional envisioned future that is moral and transcendent*. It is a higher order construct that is future-oriented, distinguishing it from the low-level short term goals of daily life (Costin & Vignoles, 2020). It is also directional in that it acts like a compass steering decision making and actions, somewhat like being guided by the north star when the path ahead is hazy (Kaipa, 2012). As a higher order process, purpose acts as a moral guide for developing transcendent actions with the rightness or wrongness of conduct ultimately judged on the outcomes and consequences of those actions.

This evolution in awareness regarding the overarching purpose of organisations is readily witnessed in strategic management research that now intersects business and society through collective action groups that include – to name a few – the sharing economy, benefit corporations (B Corps), responsible management, grand challenges, etc. These new forms of institutions place the betterment of society at the core of the organisation’s purpose with strong engagement with stakeholders that create networks of connectedness. For instance, Scherer and Voegtlin (2020) contend that many businesses are now active partners in multi-party collaborations with public and civil sectors, endeavouring to attend to growing concerns over the unsafe extension of planetary boundaries. Williams, Whiteman and Parker (2019) make a case for such collaborations as necessary to tackle the complexity and scale

of these challenges. Placing networks of stakeholders at the core of strategic management's 'setting future direction' conversation then becomes important in enabling society to include economic, social, environmental and spiritual imperatives.

Despite this change in direction, it is important to note that not all are engaged in this shift. There are many who are still convinced by the primacy of shareholder wealth. Harrison et al. (2020) give examples of courts that have legally insisted that maximising shareholder wealth is the core function of organisation. They also note a second example of Delaware jurists who called for shareholder wealth maximisation to be enforced. Nevertheless, despite these objections, there is mounting evidence that including stakeholders into the strategic management process results in higher firm performance. For example, in a study of 26 goldmines over the period of 1993–2008, Henisz, Dorobantu & Nartey (2014) found that increasing stakeholder support enhanced the financial valuation of a firm. Chen and Kelly (2015) too found that benefit corporations (B-Corps) had a statistically significant revenue growth rate that outpaced the average revenue growth of the public companies that operate in the same 4-digit Standard Industrial Classification (SIC) code.

As these new institutional forms embrace collective interest at the core of their purpose, connectedness is now a leading influence in the strategic management field. For instance, in a study on corporate endorsement of the sustainable development goals, Williams et al. (2019) found that successful multi-partnership outcomes were most dependent on social bonds and dense sets of relations for bridging, bonding and connecting. I use these examples not to demonstrate the influence of spirituality and religion, but as markers that demonstrate a major shift in attitudes and understandings within strategic management.

Interconnectedness: Beyond Stakeholders

While the above research does not explicitly reference spirituality and religion, it illustrates an evolution from the centrality of the organisation, to the connectivity of stakeholders and ultimately, I argue, towards the interconnectedness of all things – a central element of spirituality. The above stakeholder approach to corporate level strategy opens the conversation on firm boundaries and the nature of value-creation. An important question related to connectedness and collective issues – which is where the current stakeholder conversation resides – relates to who is a stakeholder and who is not. Downing, Kang and Markman's (2019) research has demonstrated that organisations need to be aware of actions that not only include direct rivals, but also second- and third-degree indirect competitors. Beyond that, their research indicated, stakeholders have no direct influence. However, my point is that spirituality is about interconnectedness that extends beyond networks and boundaries. Thus, stakeholder engagement focuses on networks of connectedness – which is an instrumental part of strategic management's evolution – but I argue

that the influence of spirituality and religion and its associated moral code will increasingly be about interconnectedness.

Liu and Robertson (2011) characterise interconnectedness as the highest end of the spirituality continuum in that it transcends boundaries and demonstrates a sense of interconnection with human beings, nature, all living things, and with a higher power. In the interconnected world, everyone and everything is a stakeholder as boundaries are entangled, permeable and become indeterminate webs of relationships (Pavlovich, 2020). This absence of boundaries highlights how religion and spirituality – as a sense of oneness – act as a macro-level organizing mechanism at a cosmological level– which highlights the imperative of system interdependence (Frederick, 1998). In acknowledging our interdependence, spirituality recognises the sacredness of life, ourselves, our relationships, the world around us, and our potential for societal transcendence.

There are moments when interconnectedness is starting to appear in strategic management research. Scherer and Voegtlin (2020) argue for responsible governance, arguing that the assumption that business is disconnected from society is untenable. They extend the debate on the purpose of the organisations questioning whose interests should be most taken into account – shareholders or stakeholders? Importantly, they extend the shareholder – stakeholder debate to include political governance that includes reflexive and participative actions that extend beyond the corporation boundaries. These purpose-driven participatory governance structures, while not influenced directly by spirituality, begin the conversation on the role and purpose of the organisation through interconnectedness. They illuminate how organisational values and social good is visible in the organisation's image, mission and vision underlying a higher order purpose.

Such a perspective is also promoted by Cunliffe (2011) who argues for an organisation studies that is embedded by a radical reflexive sense of Otherness. While she does not explicitly mention spirituality and religion, the notion of engaging within an intersubjective and interconnected space calls us to consider our self-Other relationships – where we see ourselves as embedded in an inherently relational world, where knowing, action and change are created between people by working together to create new ways of seeing, doing and knowing. These reflexive and participative modes of engagement also identified by Scherer and Voegtlin (2020) ask us to rethink our interconnectedness that goes beyond simply connecting. They acknowledge that we are entangled in a self-Other world where boundaries are fluid, mutually enforcing and dynamic.

Finally, in a study that acknowledges the power of religion, Martinez, Peattie and Vazquez-Brust (2019) suggest that a 'syncretic' theory may be helpful in attending to the complexity of sustainability and economic outcomes. They claim that syncretic approaches integrate multiple disciplines with their source ideas drawn from cultural and religious foundations. Thus, it has the ability to integrate humanity and nature, and morality and truth. Such an approach places finding constructive

connections through values and belief systems at the basis of corporate level conversations and strategy development. This research draws on the importance of a moral code as the guiding source of future actions for the organisation.

While not comprehensive, these examples illustrate the evolution of the field where the nature of organisational relationships within an interconnected world become important in the creation and enactment of flourishing futures.

Conclusion

Despite spirituality and religion being generally overlooked by our scientific community, religion is overwhelmingly about interconnectedness – even more so than science that focuses primarily on understanding and explaining how parts work. Rather spirituality and religion focus on system effects of the whole through a metaphysical impulse that entangles all living things, with humans being just a part of this interdependent ecosystem.

In this chapter, I have argued that the strategic management field has evolved from a sole focus on the organisation's interests to one of connectedness, acknowledging that stakeholders play a key role in the organisation's activities. I suggested that future research trends are likely to examine the influence of spirituality and religion through the sphere of interconnectedness, acknowledging a deep awareness that all actions are entangled and impact on the whole system. While spirituality and religion have not explicitly influenced the field, there is increasing awareness that organisations are an integral and embedded part of the solar system – not the central star. Such relationships are spiritual, interdependent and entangled (Pavlovich, 2020). As the strategic management literature acknowledges these multi-level interdependent partnerships as imperative to addressing collective issues such as grand challenges, there is an awareness that organisations have a responsibility to act as catalysts for change. This means a return to a moral code that drives organisational purpose as stewards who uphold the flourishing of an interconnected planetary system.

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