How do firms foster the exercise of subsidiarity?

Brian Engelland, Ph.D.
PROFESSOR OF MARKETING,
THE CATHOLIC UNIVERSITY OF AMERICA

My topic is subsidiarity, and I have three goals: First, I’d like to get you comfortable with subsidiarity as a concept that has broad applicability in today’s organizations. Second, I’d like to describe two case studies in which subsidiarity was applied in a more meaningful way. And lastly, I’d like to give you some guidelines that will assist you in implementing subsidiarity within your organization.

GETTING COMFORTABLE WITH SUBSIDIARIY
Subsidiarity gets its name from the Latin word subsidio, which refers to hierarchical military relationships. Subsidio essentially prescribed when it was strategically appropriate to send in reinforcements.

The Catholic idea of subsidiarity was first applied in 1891 by Pope Leo XIII in Rerum Novarum when he discussed why intervention of the state on matters subject to individual or family decision-making is a grave injustice.

The concept was further articulated and specifically named by Pius XI in 1931 in his encyclical Quadragesimo anno. Pius XI wrote: “It is an injustice and ... a disturbance of right order to transfer to the larger and higher collectivity functions which can be performed and provided for by lesser and subordinate bodies” (79). In both of these encyclicals, the subsidiarity principle was applied to relationships between individuals and the state.

But the subsidiarity principle, as further developed over the years, deals with much more than hierarchical relationships or the command and control management style associated with the military. Subsidiarity is the principle that energizes our creativity, defines our sense of personal responsibility, enhances our personal liberty, and empowers each of us to grow in our capabilities. It applies equally well to relationships within organizations as it does to relationships between organizations or between individuals and other entities within society.

Recent management research has given us considerable insights into human behavior in work environments and what management practices contribute to helping employees achieve superior performance. This research demonstrates that when subsidiarity is implemented by imparting four essential characteristics—individual creativity, sovereignty, influence, and relational unity—then employee performance is maximized.
I don’t know about you folks, but I am always tickled when mainstream research announces breakthroughs that we Catholics already surmised through our understanding of theology and natural law. These recent “breakthroughs” in empowering employees to achieve outstanding performance are a good example. In all honesty, creativity, sovereignty, influence, and relational unity can be readily discerned without expensive studies.

What do I mean? Subsidiarity begins with a scriptural understanding that each of us was created in the image and likeness of God. Yes, we all have God-like characteristics that we must apply or we do not feel complete as human beings.

The third God-like characteristic is influence. Just as God gave us His son, Mary, and all the saints to show us how to live, we want to imitate His influence over those areas of our lives beyond our direct control. We like to advise our work colleagues on priorities in our unit, and exercise a strong voice that impacts strategic, administrative, or operational activities. We want our voice to be heard and respected. Subsidiarity grants this influence.

And lastly, the fourth God-like characteristic is relational unity. God is triune—a loving three-in-one relationship—and just as God desires that all creation form a loving relationship with Him, we imitate that desire. We want our organization and work colleagues to achieve a relational unity with us; to share our beliefs, values and standards. We want our values to be reflected in the values of our company. We can get really excited and enthused about what our company is doing when it reflects the values we hold dear. Subsidiarity, when implemented effectively, helps drive this feeling of relational unity.

So, we have creativity, sovereignty, influence and relational unity: four God-like characteristics that humans imitate because of our nature. The subsidiary principle gives each of us the opportunity to exercise all four characteristics in our job.

TWO CASE EXAMPLES

Let’s look at two examples on how subsidiarity might be implemented in a large organization. My first example is an insurance company that specializes in industrial accidents and occupational diseases. At the time when this firm began to apply subsidiarity into its operation, the company was the leader in its market in Spain, had approximately 2,000 employees and annual revenues of $445 million.
The implementation began by tackling relational unity. The CEO initiated a company-wide process aimed at identifying the values that employees thought should define the company. After several rounds of discussions at all levels of the organization, “person-centeredness” was identified as the one core value that everyone could get enthused about. Accordingly, person-centeredness was established as the guiding value of the company, with everything else subordinate to it. By involving employees, listening to their ideas, and focusing the company on the key value that was uncovered by the process, the company was able to establish relational unity with its employees.

But there was a problem. The company ran its claim processing operation through a bureaucratic structure that required a high degree of specialization and rigid hierarchical divisions. It seemed that most of the daily management effort was spent on resolving work flow issues, to the detriment of providing real customer service. For example, a file relating to a sick worker seeking the company’s assistance could be passed through a chain of up to eight different employees with each reviewing one aspect of the paperwork. When a customer inquired as to the status of her claim, it was difficult to figure out how much more time was needed to complete the review. The only people who could make case decisions were well up in the hierarchy. This system ignored the subsidiarity principle and it sure wasn’t person-centered.

To fix this issue, the company CEO, decided to turn the organization completely upside down by implementing the “integral agent” concept, with each agent having significant role sovereignty. Instead of several employees being required to solve each customer problem, job categories were wiped out allowing any of the clerical personnel to conduct the complete relationship between the company and a particular customer. Customers were then assigned to agents on a territorial basis: each agent would now deal with all aspects of the relationship between the company and its customers in any given territory. Each integral agent could act independently in his or her region but participate as part of a small team of agents to provide mutual support, and to stand in for one another during periods of sickness or vacation. Each of the agents was endowed with considerable freedom and authority to do what it takes to solve issues quickly.

This restructuring also required that the agents apply individual creativity to resolve issues that arose with clients. Further, it required that agent teams work together effectively. These changes required employee training so that agents and teams could adapt at their own pace and learn from one another.

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These changes did wonders for increasing the relational unity, sovereignty, creativity, and influence of each individual agent. Employees really appreciated the increased independence, greater responsibility, and opportunity to work in an environment that shared their enthusiasm for the human person. Each year after the change process started, the company’s growth and the scope of its activities have increased substantially, and its market share has increased. The whole company has become a more formidable force in the industry.
A good way to begin applying subsidiarity in the firm is to select one department and then develop some experience before proceeding to other departments of the firm. That’s the approach used by the engineering division of a Fortune 500 technology company. The process began within a product design department comprising one manager, 10 engineering supervisors, and 80 software, hardware, and computer engineers. Later, the process was repeated for other departments within the company.

The implementation process began when the department manager sponsored half-day “interactive skills” workshops for all departmental personnel. The sessions were designed to address the engineers’ needs for improved “people skills,” and in the debriefing sessions that followed, some of the discussion caused the manager to think about how he might develop his supervisors so as to reduce their micro-managing of the engineering talent in their sections.

The manager then conducted a series of leadership training sessions for the engineering supervisors. The manager hoped that this training would be a means of building teamwork and cohesion within his team, and given these benefits, then the rest of the organization would stand a better chance of success.

The training process involved a 360-degree feedback assessment of the leadership skills of each member of the senior team. A set of open-ended questions was asked related to each manager; for example, “What are this manager’s three key strengths?” “What are this manager’s three key development areas?” “What five adjectives would you use to describe this manager?” and “What advice do you have for this manager to become a more effective leader?” A two-day leadership training workshop followed, at which the individual feedback reports were presented, corresponding action plans were created, and key leadership concepts were presented. The manager required each of his managers to prepare detailed “personal leadership development action plans” to address weak areas identified by the 360 feedback.

It was then that the process changed into a grassroots application of subsidiarity. Engineering supervisors began to drive the process. Instead of reacting to the initial positive results with complacency or discouragement, the supervisors assumed that more progress was possible and necessary. They began to assume sovereignty over their respective areas of responsibility. Over the next two years, individual supervisors held various employee training sessions and other programs designed to foster learning and sustain progress on leadership development. The whole organization began to catch fire and came alive with enthusiasm for the idea of improving the work environment for greater creativity.

The manager organized a series of “keynote talks,” presented to the entire organization so that everyone understood the changes that were bubbling up in the organization. These keynotes included programs focusing on creativity, teamwork, employee influence, and empowerment. Concurrent with the keynote talks, the manager conducted quarterly “Bridge-Building” sessions with groups of employees. These sessions were structured as forums in which small groups of employees would prepare answers to a set of open-ended questions designed to encourage upward communication, common understanding on key issues, and problem ownership within the groups. These groups developed responses to questions such as “What is going well in our work? What is not going well?” “What can we, as engineers, do to address our own problems and concerns?” “What recommendations do we have for upper management and the senior team to help us become more effective?” and “What questions do we have for the senior team?”

These sessions served to build trust and responsibility, and enabled the senior staff to learn about what the “rank and file” were thinking and feeling. Through dialogue, mutual feedback, and listening, the relationship between the supervisors and engineers was strengthened. The sessions also produced hundreds of suggestions related to the operation of the department, and the management behavior of the supervisors and upper management.

All of this followed from a simple strategy: Sessions and interventions were begun to help develop the supervisors; supervisors in turn applied the ideas, concepts, and feedback within their areas; and as a result, the engineers became energized, engaged, and empowered.
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One example of this process has to do with influence. The engineers desired to have more influence over how the department was operated, and as a result, supervisors began allocating a portion of their weekly staff meetings to sharing important performance information, reviewing and revising group goals and values, and soliciting reactions and questions. Two of the supervisors began using a team website to list the responsibilities and tasks of their team, then allow the individual engineers to vote online for the activities they most wanted to accomplish. This version of “job-assignment democracy” gave engineers the opportunity to choose the top projects they wanted to work on, within the boundaries of what the team was responsible for, thereby making them more committed and satisfied doing those tasks.

Consistent with the idea of greater team responsibility, some supervisors began to use a “team covenant” with their staff, a type of behavioral contract outlining mutual expectations and obligations between the team and the supervisor. And virtually all of the supervisors began routine use of subteams, groups, and group consensus to make critical decisions, rather than autocratically deciding on issues that could affect the whole group. Implementation was applied in a bottom-up approach, with everything proceeding according to the pace set by the team. After three years in process, departmental morale was up significantly, as were other objective measures of departmental performance.

EFFECT ON EMPLOYEES

When companies are autocratic and control-oriented, subsidiarity is usually ignored and employees are permitted to exercise little creativity, sovereignty, influence, or relational unity in their jobs. Consequently, these employees become less motivated to achieve high levels of job performance. They tend to withdraw emotionally and simply do what they are directed to do. Such employees often disconnect themselves from the firm emotionally and seek release in other areas of their lives.

Through these case examples, we can see that the application of subsidiarity is an excellent approach to improve organizational productivity. Subsidiarity provides the freedom for employees to exercise their God-like characteristics while growing in the job. Subsidiarity energizes creativity, deepens the sense of personal responsibility, and empowers employees to grow in their capabilities.

SUBSIDIARITY AND JOB DESIGN

It’s time to say a few words on good job design. In the encyclical Laborem exercens, Saint John Paul the Great regards work as a calling to perform service for other humans. We express what it means to be created in the image of God through working creatively and responsibly in a God-like way. Thus, the subjective dimension of work must be included as the central factor in designing and organizing work. In John Paul’s own words, “the purpose of any kind of work that man does is always man himself,” so that “man does not serve work, but rather work serves man.”

The classic approach to job design is based upon the scientific management approach of Frederick Winslow Taylor. Although first devised at the turn of the last century, it is still an influential approach today. Scientific management is based upon the idea that there is one “best way” to perform any operation. By insisting that workers always perform their job using the best way, the business can become more profitable. Unfortunately, scientific management subverts human behavior to economic objectives. As a result, we can end up with bored, non-thinking employees with diminished capacity for innovation.
A different human-centered approach to job design began emerging in the last 20 or so years that partially implements subsidiarity. The basic idea behind the human-centered approach is that both human needs and technological possibilities must be considered in the design process. This recognition is a positive step toward subsidiarity that fosters human development partly through allowing workers to choose operating strategies so that the worker really controls the technology, not the other way around.

However, implementation of the human-centered approach can fall apart when specialists do all the job designing and individual workers are barely involved in the process. Job design should be employee driven!

3. Support employees in their acceptance of increased responsibilities. This involves encouraging people to speak up to express their concerns and ideas, and then rewarding them for their efforts. In addition, training is important. Employees need to know how their jobs are changing, as well as which new skills are necessary for job success.

4. Consider both the task and the actor when deciding when to apply sovereignty. Those tasks that should be given to the lowest appropriate level include tasks that can be better performed by the subordinate, or tasks related to the subordinate's career, or tasks not central to the manager's role.

5. Provide clear responsibilities to each employee, with adequate authority and limits imposed. Progress toward goals should be monitored, such that the each job activity becomes a positive learning experience for the subordinate. Others in the organization must be informed and reporting relationships must be specified in advance.

6. Ensure that employees have access to relevant information and resources. Information, resources and training are the keys to making sure that implementation is successful. Express confidence and trust in people while providing coaching and advice on a timely basis. Removing unnecessary bureaucratic controls and constraints will ease successful completion of tasks.

7. Encourage and support employee initiative and problem solving by recognizing important contributions and achievements, and ensuring that rewards are commensurate with new responsibilities.

GUIDELINES FOR IMPLEMENTING SUBSIDIARITY

Implementing subsidiarity means evaluating each individual job in the company and looking for opportunities to allow the job holders more creativity, sovereignty, influence, and relational unity in their work. There are seven guidelines I'd like to highlight:

1. Diagnose whether employee influence over decision processes is really feasible. Identifying appropriate situations primarily involves an assessment of the importance of the decision, the relevant participants in the decision, the likelihood of cooperation and acceptance of the decision, and whether it is practical to gather the participants together in a meeting to make the decision. Don't tell employees that you are open to letting them control the process, when in fact you are not.

2. Proceed at a pace that corresponds with the readiness of your employees. Even though we are all made in God's image, we all have different talents, different capabilities and different levels of maturity. Consequently, not everyone has the same readiness to blossom under subsidiarity. It is best to walk before you run and allow your employees to influence the rate of change.

REASONS FOR FAILURE

But not every organization is successful at implementation, and there are at least three reasons for a lack of success.

1. Subsidiarity usually represents change. Managers do what they know best and that typically involves command and control. True subsidiarity requires that managers relinquish some of their control to employees. Managers may be afraid to delegate responsibility and power. They may fear that employees will make mistakes and poor decisions. Some managers are threatened by programs that would reduce their power and status as heroic leaders. Managers need organizational support and training in subsidiarity behaviors in order to make the subsidiarity efforts succeed.

2. Subsidiarity takes time. Transitioning from a command and control culture to subsidiarity requires a commit-
ment to long-term change. Too often, management fads and quick fixes have been implemented rather than relevant changes in management systems, structures, and cultural values. To be successful, subsidiarity must be seen as a long-term program of employee participation and involvement.

3. Employees may resist subsidiarity. Decision making and influence are part of the political power system in organizations. Employees may have been conditioned over the years to follow orders, not collaborate with management. Being given greater responsibility may induce fear and insecurity in some employees. For instance, one oft-stated complaint is that “I only want to come in each day, do my job and go home at the end of the shift.” The idea of taking initiative and contributing to the bigger picture is sometimes fear-inducing. For subsidiarity efforts to succeed, employee development and training must be included in any plan.

CONCLUSION
In conclusion, I remember President John F. Kennedy’s famous inaugural address, in which he urged Americans to “Ask not what your country can do for you, but ask what you can do for your country.”

These were classic lines, but they really don’t square well with the idea of subsidiarity. If we were to rewrite Kennedy’s speech, we might say, “Ask not what your country can do for you, but ask how your country can reduce its interference in your lives while providing assistance only when local and intermediate support groups fail.” Or if we were to rewrite the line to apply in an organizational setting, we might say, “Ask not what your employees can do for you, but rather give them the training, resources and personal freedom they need to do the job, and then get out of their way!” This is the essence of the Catholic principle called subsidiarity. ★
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