

# Transformation Processes without Ethical Components?

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*In Veränderungsprozessen sind ethische Prinzipien für den Erfolg eines Unternehmens ausschlaggebend. Denn es kommt auf die Motivation der Mitarbeiter an. Bei einer zeitweiligen Übertragung von Entscheidungen bleibt die Verantwortung bei den Vorgesetzten. Demgegenüber vorzuziehen ist die Praxis der Subsidiarität im Sinne der katholischen Soziallehre. Das Konzept der Subsidiarität achtet die Persönlichkeit der Untergebenen, gibt ihnen eigenständige Verantwortungsbereiche und vertraut ihnen. Subsidiarität beruht auf der Würde des Menschen, wie das Dokument „Zum Unternehmer berufen!“ ausführt.*

I will address this issue within the context of my practical experience as a Chief Executive Officer and as shared among the members of the Conférences Internationales des Associations de Patrons Catholiques (UNIAPAC) Associations. Companies can only survive and be successful by developing a continuous ability to permanently adapt to an ever changing environment. The pace of change and uncertainty has never been as intensive as today and will by no means slow down.

In this very distinguished assembly, I will sound quite simplistic for I really believe that transformation processes without ethical components just cannot exist for they would be bound to failure! Simplistic, yes! But Chief Executive Officers have to be simplistic for they deal every day with basic realities and must nevertheless deliver.

Engaging into transformation processes means getting people to change the way they work and organize themselves, to change the way they interface others. This, most of the time, entails for them a personal challenge to adapt, to change their daily routine and even to change the way they behave.

The source of this necessity to change can be perceived as imposed by external constraints, an undisputable necessity, but most often this necessity to change comes through the channel of the management,

thus from the judgement and decisions of others. As change necessity is based on judgement and anticipation, it always includes uncertainties and thus can always be challenged.

For most people, changing means instability and risks which generate strong personal worries, and fears of not being able to adapt, doubts about oneself. This creates a rather natural tendency to refuse change by challenging the judgements and the decisions which lead to the required transformation.

But for companies the necessary transformation passes through the ability of those concerned to change. It seems obvious that this is impossible to achieve only by constraints and sheer force, as people will refuse either directly and create a conflict or indirectly by not adhering to the change leading to a collective failure.

So one can say that key success factor in transformation processes is the ability for those who must change to get involved, to be committed to the success of the transformation. All sociologists would tell that for a person to commit and to engage, two conditions are necessary:

- First and most important, the person must feel respected as a person, trusted in his or her professional capacities and as an individual. This is a necessity to build the trust in oneself which will allow the person to take the risk of the engagement to change: "I can do it!" but also to trust others and particularly to trust those who are taking the decision.
- Second he or she must know "the rules of the game": what am I supposed to achieve and how?

Both conditions have a strong conditional linkage to ethics.

How can one expect to build, within those who will have to change, a sense of being respected, without a strong inner belief of the dignity of any person, without the respect for others that such a belief entails? And how can one expect others to engage into "rules of the game" that would be unethical, contrary to the ethical judgement of those who will have to support the change?

So without long and sophisticated analysis, I do affirm that transformation processes without ethical components are bound to fail! One

could think that strong constraints could be applied to force the required changes, the "no matter what" attitude. Fear could even be considered as a way to force change. But any change obtained in these conditions will not be sustainable as people will not adhere to it and would escape at the first opportunity! Not only changes will not be achieved but havoc will be created!

So rather than spending more time to analyse the possibility of transformation processes without ethical components, I would rather present what we at UNIAPAC consider that ethical components are necessary for transformation processes.

What are the "ethical components" which are necessary to successful transformation processes? I shall focus on the first condition of engagement: the respect of the person's dignity which is the key to build the inner confidence to take the risk of engagement. Allow me to refer to a key principle of the Social Doctrine of the Church: the principle of subsidiarity.

Defining clearly the concept of subsidiarity is always difficult. One good way is to compare the two concepts of "delegation" and "subsidiarity". Delegation and subsidiarity are two concepts which indeed resemble each other but which are actually quite opposite in terms of respect for the person and the person's ability to grow and thus to engage.

In the delegation concept the leader considers that the information, the capacity, the decision and the action are between his hands and that, gradually, according to the development of his interlocutor and of the quality of the relationship, it transmits them to lead others to be more responsible. But at any time, the leader can take back the decision power. It is very flattering for the leader. Everybody knows that he knows. It is comfortable for the lower level employees as they are under permanent control and when difficulties arise the boss will take over. Their responsibility is indeed limited. They cannot feel completely trusted and respected as full human beings.

In subsidiarity the concept is exactly the opposite. The leader considers that the individual or the collective entity which he is responsible for, is able to assume the information, the capacity, the decisions and the actions in autonomy and interdependence within the limits of the extend of the lower level in the actual field of action. In this concept

the leader will give up his decision power and will take the risk of the lower level autonomous decision. Taking "*the risk of the person*" is the key of the subsidiarity principle!

One could speak about a "reverse delegation": the lower level, on his initiative, transmits to the higher level what it considers and decides not to be within its realm of responsibility. Thus, it is about a complete reversal of the relation and responsibility for the two parts. It is not flattering for the boss who is "absent". It is much less comfortable for the lower level as they are in full responsibility and must take the decisions. But they are fully trusted, thus respected.

The concept of subsidiarity takes its roots in the Social Doctrine of the Church as a direct consequence of its most important principle: the paramount dignity of the person. Rather than paraphrasing let me quote a recent document of the Pontifical Council for Justice and Peace called "The Vocation of the Business Leader".

*"The principle of subsidiarity is rooted in the conviction that, as images of God, the flourishing of human beings entails the best use of their intelligence and freedom. Human dignity is never respected by unnecessarily constraining or suppressing that intelligence and freedom. The principle of subsidiarity recognizes that in human societies, smaller communities exist within larger ones. For example, a family, as a community, is part of a village or a city, which in turn is part of a county, a state or province, then a nation, and so on. The principle insists that the freedom and input of those closest to the effects to be felt should not be arbitrarily disregarded. As blessed John Paul II pointed out "a community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with a view to the common good" (47).*

*The principle of subsidiarity applies to the structures of the State as well as business organisations. We develop in our work best when we use our intelligence and freedom to achieve shared goals and to create and sustain right relationships with one another and with those served by the organization. In other words, the more participatory the workplace, the more likely workers will be to develop. Employees should have a voice in their work, especially in the day-to-day work. This fos-*

ters initiative, innovation, creativity, and a sense of shared responsibility (48).

*The principle of subsidiarity holds great insight for business leaders. It encourages leaders to use their power at the service of their collaborators, prompting them to question whether their authority serves the development of all their employees. Specifically, subsidiarity provides business leaders with three practical steps:*

- *Clearly define the realm of autonomy and the decision rights to be made at every level in the company, leaving these as wide as possible. Limits should be set such that decision rights do not exceed a person or group's ability to access the information required to make the decision, and so the consequences of the decisions would not overstep their realm of responsibility.*
- *Teach and equip employees, making sure that they have the right tools, training and experience to carry out their tasks.*
- *Accept that the persons to whom tasks and responsibilities have been given will make their decisions in freedom and, thereby in full trust, the risks of their decisions. Subsidiary business structures therefore should nurture mutual respect and responsibility and allow employees to attribute good results to their sincere engagement.*

*This last point, taking on the risk of the lower level's decisions, is what makes subsidiarity different from delegation. One who delegates confers power, but can take it back at any time. In such a situation, employees are not called to the same level of excellence and participation as in a situation governed by the principle of subsidiarity, and are less likely to grow and accept their full responsibility (49).*

*Under the principle of subsidiarity, employees on a lower level who are trusted, trained, experienced, know precisely the extend of their responsibilities, and are free to make decisions, can fully use their freedom and intelligence, and thus are enabled to develop as people; they are indeed "co-entrepreneurs". For business leaders, on every level, from team leader up to chief executive, this is very demanding but rewarding. Working under the principle of subsidiarity calls for restraint, and a humble acceptance of the role of a servant leader. Well-integrated business leaders can respond to the rigorous demands placed upon them with a servant attitude, recalling Jesus who washed the feet of His disciples (50)."*

If this is not ethics, I do not know what ethics is! A truly applied Subsidiarity Based Management will not only foster respect of the dignity of the persons employed by the company but will give the company the ability to change and adapt permanently to its everlasting changing environment building a real competitive advantage. This is where ethics and efficiency come together!