Re-Engineering Management
A Biblical Alternative

I

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THE ECONOMIC CONDITIONS of the past two decades have resulted in great pressures upon people in business. Especially since the stock market crash of 1987, businesses in Australia and elsewhere have been operating in more difficult times. The conditions that have pressured businesses are economically related. In order to remain in business, many companies have had to find ways to innovate and cut costs so that they survive. In this essay, I'm going to explore some of the changes that are occurring in modern organizational structures and management practices, for there is a revolution under way which the Christian needs to understand.

One aspect of the contemporary cultural scene is the notion that the Protestant work ethic has had something to do with the wealth of the West, despite all its present difficulties. While recognizing this fact, the question needs to be asked, what is the Protestant work ethic? Some people think it is merely to labor long and arduous hours. Others think it is working in some kind of submissive role, somewhat akin to servitude, with a lord and master dictating how, when, and on what terms business will be done. People in many nations, for example the Chinese, work hard and long hours. Yet they lost the lead in technology which they apparently had up until the fourteenth century. Hard work is not the delineator of the Christian West.

What is a better delineator is the notion that in the Christian West people were encouraged to own and possess property (often referred to as the basis of Capitalism). But the notion of property ownership is closely connected to another important principle: *stewardship*.

Weber, in his famous thesis concerning the Protestant ethic and capitalism, highlighted the fact that rational planning was at the centre of the development of modern capitalism and this rationalistic approach to commerce had its origins in a Protestant ethic concerning work.[1] Tawney made the astute observation that Protestantism "had as its centre a determination to assert the superiority of moral principles over economic appetites, which have their place, and an important place, in the human scheme, but which, like other natural appetites, when flattered and pampered and overfed, bring ruin to the soul and confusion to society."[12] In other words, ethics takes priority in decision-making.

Are these accurate descriptions of the Protestant work ethic? If so, are they still applicable today? If not, what should replace them? It is the thesis of this article that if such were our view of the Protestant work ethic, then we would be clearly mistaken. For the Protestant work ethic defies definition in such simplistic terms. Such a poor definition would also fail to explain why it is that the Christian West has delivered the goods (so to speak) while so much of the rest of the world has failed to produce enough food to feed its own people.

Our concern here, however, is not so much with a general concept of the Christian ethic, but a specific application of it. Tawney rightly observed that for the Protestants ethics came first. Utilitarianism was not a part of the Protestant concept of morality, although it has a place. But its place is not at the top of the list. Therefore, it is my thesis that the rise of capitalism cannot be understood outside the concept of the eighth commandment (i.e. the right of private property), and in association with this the concept of stewardship.

The biblical idea of stewardship is having a revival in the corporate world, although its origins are not always recognized or acknowledged. In some areas, it is self-consciously taking this name. In other areas, the idea is named differently, but the practical outworking of the idea of stewardship is the same.

Stewardship and property ownership go hand in hand. Not only ownership of tangible property such as real estate and other "things," but ownership in such things as a

1 Max Weber, *Protestant Ethic and the Spirit of Capitalism* (London: Unwin University Books, 1930).

2 R.H. Tawney, *Religion and the Rise of Capitalism* (Harmondsworth: Penguin Books, 1938), p. 279.

person's labor. This is the heart, for example, of enterprise bargaining: a person being able to negotiate directly with his employer until they reach common agreement about the employee's value to the company.

In the biblical sense, ownership carries with it the concept and responsibility of stewardship. But what exactly is stewardship? This essay is an attempt to explain and indicate what stewardship is, and how it works out in practice. Moreover, this essay focuses on commerce and how an application of biblical principles can revolutionize a company's activities. It is an attempt to show how stewardship might be used in practical ways to restructure management. I will show how an application of the principle of stewardship can reduce costs and improve customer service. In other words, the biblical principle is not only right because of its ethical position, but it is right also because it works at the pragmatic level.

This essay is also an attempt to explain how an application of a biblical principle has resulted in unemployment for thousands in one area of business. This does not mean we should not apply biblical principles, since unemployment in itself is not a bad thing. Unemployment provides labor for new entrepreneurial activities, and providing government legislation does not hinder the entrance of new entrepreneurs into the market, it need not be feared.

Downsizing

THROUGHOUT THE 1980s, the businesses that appeared to be thriving were those that were borrowed to the limit. The names of those entrepreneurs who used debt to build their empires have faded from popular view, unless they are being summonsed into court with failing memories or being extradited from Mediterranean resorts. The market crash of '87 ended the debt splurge, at least temporarily. Since then billions of dollars have been written off in bad debts. Companies have gone to the wall, thousands have lost their jobs, and those that survived did so by cutting costs, reducing debt, and finding innovative ways to market their wares to the buying public. A major aspect of cost-cutting has been corporate downsizing, a euphemism for getting rid of unnecessary staff and activities. IBM, which had a long record of keeping staff employed through all circumstances, has succumbed to market pressures and been forced to lay off workers around the world. In this climate, firms have determined their core business and concentrated their efforts in making this successful.

Labor Shortage

It is not just economic conditions, however, that are forcing the change. The reduction in the birth rate is contributing to labor shortages. As firms compete for labor, or determine how to keep the doors open with less labor than would otherwise be the case, they have had to find innovative methods to achieve their goals. As the baby boomers join the retirement set demanding goods and services but not contributing to production with their labor (i.e. they are consumers, not producers), those doing the work will find innovative methods of operating businesses. This will not only result in application of technology in new ways, but force many organisations to operate with less staff.

This issue creates a double squeeze on businesses and workers. On the one hand there is an increasing number of people in retirement who are consumers not producers. Not only must the remaining work force produce all the goods they consume, but they are also required to fund the retirees' spending habits.[3] Thus, less people in the work force plus potentially higher taxes puts a double squeeze on business and workers. The results of this, while predictable to some extent, cannot always be determined accurately. How long can this condition last? Will it bring the economy undone? If so, what will be the result? Can governments resolve the tensions in society brought about by these conditions? We are in unchartered waters.

A major activity in corporate downsizing has been the reduction of middle management. Almost a decade ago, Naisbitt and Aburdene stated that "worldwide, middle management has shrunk more than 15 percent since 1979. And there is much more to come."[4] Those prophetic words were published in 1985, and since that time companies have been shedding staff at rapid rates. It's a pity more middle managers did not take notice; it could have saved them a lot of heartache and had them prepared for change.

Things aren't quite as bad as they seem, however. It was estimated recently that about 60% of middle managers found a new job within six months. The report did not say what happened to the remaining 40%. No doubt many of these found jobs eventually, too. Now that economic recovery is under way, stimulated by a hefty 17% increase in the money supply (M1) over the past year, many more will find jobs as corporations hire new staff. For many, there will have been extensive retraining. Those middle managers who were any good at their job will continue to find work by analysing the market, discovering what skills employers are demanding, then embark on retraining programs to equip themselves for a further round of activity in the market place.

A question needs to be asked: How could businesses suddenly do without quite large numbers in its management ranks? And it's not just managers who are at risk. One company in Europe cut its staff from 4,000 to 200, without a loss of service to its customers. Was it because these managers were doing very little, that all of a sudden the higher management levels discovered their colleagues down the chain of command were doing so little they could be removed without jeopardising the firm? Perhaps the Peter Principle, that people tend to rise to their level of incompetence, had at last been proven correct. If this were so, however, the managers would have been replaced by competent people, and the management position remain within the organisation. But they weren't replaced. Instead, their position was abolished, or subsumed within another position, and the corporation, rather than failing for lack of human resources, grew stronger as a result. It is a curious irony that it is not the ordinary workers, in many instances, who have needed retraining but the managers.

Computers

Who, then, is doing the work of the managers who have been dismissed? There is more than one answer to the question. *First,* there was the introduction

3 This is equivalent to a shopkeeper standing at the door handing out \softlinemoney to customers so they will have something to spend while they are in the store.

4 John Naisbitt and Patricia Aburdene, }{\plain \fs24 *\cs12\i ReInventing the Corporation}{\plain \fs24 (London: Macdonald & Co (Publishers) Ltd, \softline1985), p. 12.

of the personal computer.[5] The PC placed significant computing power in the hands of large numbers of individual workers that was previously available only to a handful of computer-trained experts. Now, with a PC on his desk, a word processing program, a spread sheet, and a database program, the managing director of a company can obtain and manipulate information previously provided to him by several middle managers. The technological revolution is displacing hundreds of workers within the organisation.

Cycles

Second, businesses tend to go through profitmaking cycles. If a company is first in its field prices and profits can be quite high. The computer industry is an example of this. Another example would be the financial advisory firms that cropped up in this country a decade or more ago. Selling prices in these industries were at least double what they are today. As more suppliers entered the market, prices were pushed downward due to an increase in supply. Many firms could not operate at these lower prices, so they closed and went elsewhere. Their lower-priced competitors picked up the orphaned customers from those organisations that closed or moved into other business activities. Falling prices have resulted, with profits being squeezed.

Thus, in a maturing market, profits tend to decline, and the business survives on volume sales at lower prices. Declining prices force the business to watch expenses, and since labor is often the highest expense, unproductive labor is soon replaced. It will be replaced either with more productive labor, or perhaps labor substitutes will be found and used.

Self-Management

A *third* answer to the question is self-management. Increasingly, businesses are finding they can do without whole layers of management within the organization. This mentality has been forced upon companies by management practices that helped the Japanese become world leaders in electronics and automobiles. When W. Edwards Deming failed to get American businessmen to listen to him just after World War II, he headed for Japan and invited 45 leading industrialists to his seminar. To Deming's surprise, they all turned up. But within a few weeks, some had experienced productivity gains of up to 30 percent without any additional outlays.

What Deming, along with others, had learned during the war, was that only 15 percent of problems are caused by workers; the remaining 85 percent of problems are caused by poor processes. Thus, by concentrating on the process rather than the worker, Deming's methods have

5 Naisbitt \softlineand Aburdene, }{\plain \fs24 *\cs12\i op. cit.,}{\plain \fs24 p. 13.

brought extraordinary change to the workplace.

Thus, the dismantling of the corporation is due to the fact that a top-down management style does not help produce quality goods and services. And what has taken the place of the bureaucratic organisation is one where the worker is given the opportunity to become self-directed. In the words of some writers, *"the authority to examine and make improvements in the work methods is in the wrong hands — management's."*[6] American and Australian businesses have had to change their management styles in order to keep pace with the competition. They do this by handing the management function down to the workers themselves.

An interesting illustration of this point was provided in a recent book about Semco manufacturing company in Brazil.[7] The author, Chief Executive Officer of the company, also happened to be the founder's son, and inherited the family business in 1980 at the age of about 22. By 1986, he had built a diversified manufacturing complex employing 860 people, and had a showpiece business that people came from around the world to see. He was, in short, highly successful. But then, one day he noticed that despite all the success his staff appeared miserable and unhappy. What resulted was a change that revolutionized the business, modified the way in which the workers fulfilled their responsibilities, and altered forever the relationship between himself and his employees.

Before telling you more about that story, however, it will help to explore in outline a biblical concept of management.

Stewardship

THE BIBLICAL NOTION of stewardship is one that is often used for defining, in a general sense, many positions that people have in life. Stewardship is often used to express the idea that people are not the ultimate owner of the material things of this life, they come from God. However, God has placed upon man the duty and obligation to look after things in His created world. This idea of caretaker, exercising responsible management of resources, is behind the meaning of stewardship. But the word has a wider application. While stewardship itself is biblical in origin, and therefore carries with it a certain religious connotation, we need to find out what this means in practical detail.

Responsibility

If we take two of the key passages where the concept of stewardship is explained, we see, first, that the idea carries with it the concept of *responsibility.*"And the Lord said, Who then is that faithful and wise steward, whom his master will make ruler over his household, to give them their portion of food in due season?'" (Luke 12:42). Here we see that the steward is one who is given areas of his master's activities over which he was to exercise some kind of management. In fact, due to his diligence in his work, he is given increasing responsibilities.

Accountability

With responsibility, in addition, goes *accountability.*Jesus uses this concept in one of his parables.

He also said to His disciples: "There was a certain rich man who had a steward, and an accusation was brought to him that this man was wasting his goods. So he called him and said to him, "What is this I hear about you? Give an account of your stewardship, for you can no longer be steward'" (Luke 16:1,2).

The rich man was holding his steward accountable for actions he had taken, or, as the text says, for his stewardship.

In the context of the rest of this story the idea of stewardship is similar, if not the same, as that of the modern manager.

6 Bob Wall, Robert S. Solum, Mark R. Sobol, }{\plain \fs24 *\cs12\i The \softlineVisionary Leader}{\plain \fs24 (Rocklin, CA: Prima Publishing, 1992), p. 6, emphasis in original.

7 Ricardo Semler, }{\plain \fs24 *\cs12\i Maverick! The Success Story Behind the \softlineWorld's Most Unusual Workplace}{\plain \fs24 (London: Century, 1992).

Managers are those who organize, plan, schedule, instruct, and have greater responsibilities within the organization. But it is a fiction to imagine that there are two groups within the organization: those who manage and those who don't. The biblical injunction on stewardship requires each person to be a proper steward or manager of those resources placed under his control. This applies from the highest person in the corporate chain to the lowest. The only thing that should distinguish them is greater responsibility, particular gifts and abilities (some people will never be at the top of the management hierarchy), and experience.

Measurability

Responsibility and accountability, however, require something else: *measurability.* It is not possible to give a proper account of something if it cannot be measured. In the sales department it is often easy to do this: count the dollars coming through the door. But how is accountability to be applied in the finance department or in operations? Here it is necessary to set up work goals and schedules that can be measured. In these departments it will not be the sales dollars by which they are measured but will be the least number of dollars they spend to run their sections. Accountability will be measured in these areas by the commitments people make to fulfil tasks, then determining if that commitment is honored and upheld. In short, the integrity and honesty of the worker are at stake.

There are some aspects of this that need to be managed carefully. A person's experience in assessing his capabilities needs to be kept in mind, and those managers known for treating their staff fairly take this into consideration when setting goals within the company. Other managers, less scrupulous, will use their subordinate's inexperience to get rid of a person, make him or her feel inferior, and use these circumstances in an endeavor to make themselves appear superior. This kind of manager, though, rather than making himself appear superior makes himself a fool in the eyes of those under him, for his staff will always know that he is unfair and unjust. They will never give him the support he should have within the organization. Neither will those above him who are fair minded, for they too will recognize the unjust manner in which he treated his staff. His future in the organization will thus be shortened, or at least his internal progress up the corporate ladder curtailed.

Empowerment

If we are going to give workers responsibility, holding them accountable by measuring their success, then it follows that workers must be *empowered* to fulfil their role. Perhaps no area of corporate management is under pressure today as this one. To give a person a task and hold him accountable for its result is ridiculous if he is not empowered to fulfil the assigned duties at the same time. For example, it is foolish to ask the computer department to write new software if those responsible cannot demand the attention and obtain information from other departments in order to ascertain the needs of the company. It does not make sense to ask the accounts department to improve the accounting system unless they are given the resources to do so, such as money to buy a new computer system or accounting software package. It is equally foolish to ask the sales department to increase sales by 20% if they cannot demand the human and financial resources to achieve this goal. I know of one company where the managing director does not permit any of his staff, even the senior managers, to authorize expenses, such as car rental when they're interstate or overseas. This prevents staff from completing their work without his interference in the process, and displays a lack of trust towards those under him. Little wonder this company is not performing too well.

Without empowerment stewardship is impossible. We see this in the parable of Jesus in Luke 16, where the steward who has been accused takes action to ensure that he has friends. He went to his master's debtors and wrote off a portion of the debts. He made some quick friends in his hour of need, and his master recognized his shrewd actions. (It is good to remember that this parable is not explicitly teaching some of these concepts; they are taken for granted and used by our Lord to make His point.) The point here is that the steward had the power to negotiate with his master's debtors.

Wider Application

It is not just the business that suffers from lack of stewardship. The local church can be sorely affected by the things outlined above. For example, how many churches measure the performance of their elders over a given period? Too often the leadership in the church operates in an environment where it cannot be tested. They provide no church growth plans, for example, so if the church fails to grow, the leadership cannot be held responsible for the lack of growth. The business plan is the missing ingredient here, for a business plan is something against which people's performance can be measured. And a comprehensive business plan covers all aspects of the business.

The principle can be applied in every area of life. Without a family business plan there can be no clear goals and directions for the family. With a plan, at the end of the year or whatever period they determine, Dad and Mum can sit down and measure their activities against the plan. "Well, dear, how did we go this year?" Were the children educated as planned? Did business activity go as well as planned? The same idea is applicable in the church. Was the church's mission program, or teaching program, up to the expectations set down in the plan? If not, why not? And how do we do it better next year?

If there is one thing missing in the world of management it's the application of stewardship and all that it implies.