

The Common Good as a Condition for Applying Subsidiarity in Companies

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Abstract

The purpose of this paper is to show that subsidiarity can't be implemented in a company if it doesn't take the common good into account.

The term subsidiarity in management studies is mainly used in business ethics. Actually, the concept of subsidiarity was born in a political context, to promote a particular way of organizing political society. Today, it is supported by CST, from 1931 and makes part of the constitutions of the EU and Canada. In both cases, it is mainly applied to political realities, and comes from political philosophy. Henceforth, if one wants to apply subsidiarity to companies, this assumes that a company is more or less, identifiable to a political community.

But one of the major differences between companies and political communities is that each one is constituted in a opposite direction. While a political community is constituted in a bottom-up way, from the couple to the city, through the family and the village, a company is constituted in a top-down way, from the founder, who hires employees. The problem is that those ways of constitution impact the applicability of subsidiarity. Indeed, subsidiarity consists in nothing else but giving back (or letting) to the lower community the power that it gave previously to the higher. Consequently, subsidiarity is applicable only if the lower community is the origin of the power of the higher community. This is not the case for companies, in which operative teams are not the origin of the power of the founder, as the agency theory reminds us.

Nevertheless, in an other way, it is possible to consider the operative teams as the origin of power. If the company takes in account the common good as its finality, then the people who will be the closest to the finality will be the source of the power of those who are farer. Indeed, if societal contribution is the finality of the company, then operative teams will be those who serve this finality, and then the role of those who lead them will be to help them serve the customer properly.

The very contribution of this paper is to show that common good is not a side condition, but a necessary condition to apply subsidiarity. This illustrates the connexion between those two principles of CST underlined by Pope John Paul II.