Management Response to *Laudato Si*:
An Operational Excellence Perspective

**Michael J. Urick**
Saint Vincent College

**William J. Hisker**
Saint Vincent College

**Jeffrey L. Godwin**
Saint Vincent College

**ABSTRACT:** In *Laudato Si* (2015), a recent encyclical of Roman Catholic leader Pope Francis, many major modern world concerns are addressed that negatively impact the care for humanity’s common home. This paper summarizes Pope Francis’ major concerns with implications for businesses and organizational managers. This paper then advocates taking an operational excellence approach to respond to these concerns. In doing so, we make recommendations for managers in the four major themes of waste reduction, focus on people, focus on culture, and interrelatedness. We also suggest some areas for future research.

**KEYWORDS:** operational excellence, lean, Catholic social teaching, Pope Francis, *Laudato Si*, transformational leadership

**INTRODUCTION**

From the beginnings of humanity’s presence on earth, the stewardship of the environment has been an issue. In the book of Genesis (1:28), God directs Adam and Eve to “fill the earth and subdue it.” John Bergstrom (2014) in his article, “What the Bible says about the environment” wrote: “Over the years this verse has caused much confusion and controversy inside and outside of Christianity…. How did God intend for people to subdue the earth and what should it look like?” Today more than ever this issue is being debated, discussed, and written about. In 2015, Pope Francis’ encyclical *Laudato Si: On Care for Our Common Home* added significantly to this discussion. In addition, the field of management has much to offer by providing practical solutions to enable better environmental stewardship of resources.

Management philosophies, such as operational excellence (OE), have focused on continuous improvement and waste reduction initiatives. Such approaches to leading organizations seem in line with Pope Francis’ latest encyclical *Laudato Si: On Care for Our Common Home* (2015). Though written from a Roman Catholic perspective, *Laudato Si* can be approached from the standpoint of using it as practical guidelines to engage in business practices regardless of the faith that a business leader may practice.

Engaging *Laudato Si* as guidelines for business is useful as organizations can greatly benefit from continuous improvement initiatives by minimizing waste and, in turn, likely becoming more sustainable and profitable. In doing so, they not only benefit themselves but also contribute to the greater good of society. In advocating that businesses contribute to the greater good, *Laudato Si* tends to focus on what political and societal leaders can do to address some major concerns. Businesses also have obligations but may need some guidance if they are interested in addressing Pope Francis’ concerns. Because OE principles seem to closely fit *Laudato Si*, we advocate that business use this philosophy to respond to Pope Francis.

Therefore, this conceptual paper serves several purposes. First, we provide some background on *Laudato Si* and summarize some of the major concerns that are presented that have implications for business operations. Second, we
draw upon extant research to clarify the OE philosophy. Third, we provide recommendations to managers regarding appropriate ways to respond to *Laudato Si* consistent with an OE philosophy. We conclude by suggesting areas for future research. We hope that readers will come away with a sense that OE is a practical approach to implementing the recommendations in *Laudato Si* in a way that is actionable for businesses while providing organizations with positive benefits such as improved performance.

**BUSINESS IMPLICATIONS OF ON CARE FOR OUR COMMON HOME**

In his second encyclical entitled *Laudato Si: On Care for Our Common Home* (2015), Pope Francis warns of the interrelated dangers caused by extreme consumerism. Among these fundamental global challenges, Pope Francis highlights several which have implications for organizations that provide goods and services needed by society:

- An increasing amount of pollution, waste, and prevalence of a “throw away culture,” especially detrimental to the poor of the world who live in localities most adversely impacted.
- A limited access to affordable basic life necessities (such as water and other basic living essentials), especially for the world’s poor.
- A short-sightedness in disrupting the world’s ecosystems for the sake of producing consumables of limited value.
- A decline in the quality of human life including increasing breakdowns in communication marked by a lack of respect between individuals, a misunderstanding of the interrelatedness of the peoples and generations of the world, and not acknowledging the dignity of workers.
- A rise in inequalities between the poor and more privileged of the world.
- A lack of care and effective responses in addressing the above issues which impact care for the common good.

Pope Francis’ statements suggest that all current and future peoples of the world have stewardship over the earth and, therefore, a responsibility to respect the dignity of all life and reject decisions privileging monetary greed. Throughout the encyclical, Pope Francis implies that business professions are vocations and honorable and, therefore, possessive of responsibilities to make decisions that support the common good. These statements are also in agreement with other teachings of the Roman Catholic Church (Pontifical Council for Justice and Peace, 2012 for example).

However, *Laudato Si* is useful not only for a Catholic audience as it has resonated with individuals from various other branches of Christianity as well as non-Christians who are concerned with issues of sustainability, economics, and ethics (van Tine, 2016). Though it is based in Catholic Social Teaching, *Laudato Si* is intended to be inclusive of all faiths (and forms of Christianity) in its comprehensive guidance (Smith, 2015). Yet, the encyclical is strongly rooted in biblical teaching including:

- Genesis. In Genesis 2:15, people are called to “till and keep” the world in a similar way in which Pope Francis calls for proper stewardship of resources (van Tine, 2016). Pope Francis seems to see the Genesis 1:28 idea of “dominion” over the universe to mean proper care and stewardship for the world and its resources (Smith, 2015; Tilche & Nociti, 2015). Also, in his statement that “all it takes is one good person to restore hope” (p. 71, *Laudato Si*), Deane-Drummond (2016) finds a similar theme in the story of Noah who, as one good person, was able to preserve life on earth.
- Exodus. The Seventh Commandment (Thou shall not steal) has been interpreted to include not “stealing” nature through the misuse of resources as humanity has a common responsibility for creation (Raven, 2016), a common theme throughout *Laudato Si*.
- Leviticus. Pope Francis harkens to Leviticus 19:9-10 (which advocates providing fallen grapes to the poor and not stripping the land bare) in the recurring theme of resources belonging to all peoples of the world and, as such, those with control over such resources must share them (van Tine, 2016). Similarly, Leviticus 25:1-7 emphasizes the need to replenish the land and 23:22 addresses the poor using the Sabbath as a day to glean wheat for their survival — statements that are echoed throughout the encyclical (Brancatelli, 2016).
- Gospel of John. “Deep incarnation” (implying that an understanding of the natural order will lead to an understanding of Christ), as inspired by the prologue of the Gospel of John, is evident in the encyclical’s suggestions on ecological conversion leading ultimately to Christ according to Deane-Drummond (2016).
The Psalms make several references to the fact that God is over all creation. For example: “The earth is the Lord’s, and everything in it, the world, and all who live in it” (Psalms 24:1); “You rule over the surging sea: when its waves mount up, you still them. …The heavens are yours, and yours also the earth; you founded the world and all that is in it” (Psalms 89: 9, 11). As such, Pope Francis is seemingly suggesting that, as stewards of God’s creation, humanity has a responsibility to treat the environment and each other well.

The above are only a few of the biblical inspirations for Laudato Si noted by scholars and is in no way a comprehensive list. However, even a non-theologian who reads through the encyclical will note many additional connections between Pope Francis’ writing and the Bible. For example, teachings on the importance of charity and care to the underprivileged are prevalent throughout all four Gospels (and indeed throughout all of Scripture) as well as represented very strongly in Laudato Si.

Laudato Si fits with Pope Francis’ overall teachings.

• His other writings also look at the question of empowerment of those on the outside of the system.
• Pope Francis often addresses the overall “common good” or goal of a system as inextricably tied to the flourishing of individuals. This connection is a dynamic paradox. One cannot occur without the other.
• Even though he often does not suggest specific solutions, Pope Francis’ teachings are often grounded in practicality.
• Pope Francis argues that change comes best through positive incentives rather than coercion. You have to look hard to find any type of coercive language in his writing. He would agree that we do not punish mistakes but learn from them.
• Pope Francis stresses that life is a journey towards a goal that will never be complete until the end of time (similar to the goal of continuous improvement).

Despite the implications that the trends noted by Pope Francis have for business leaders and despite the responsibility that business leaders have to operate out of the common good, many of Pope Francis’ statements are suggestions targeted to government leaders. The purpose of this paper, therefore, is to suggest some implications of Laudato Si for business leaders. Rather than focus on the “public” (i.e. societal, governmental) use of resources, this paper focuses more on the private (i.e. for-profit business) use of resources to provide needed products and services.

Specifically operational excellence could serve as a useful management philosophy upon which business leaders might draw in order to address some of the concerns noted by Pope Francis. This paper now turns its attention to discuss some of the major components of operational excellence. Figure 1 can help guide this discussion by linking OE philosophies to Pope Francis’ concerns and by outlining key initiatives that managers might take.

OPERATIONAL EXCELLENCE OVERVIEW

Operational excellence, though covered in a variety of master’s programs focused in management (ValueColleges, 2015), has often been the focus of academic study under a variety of other labels and components. According to BusinessDictionary.com (“Operational Excellence,” 2016), operational excellence (OE) has been used in reference to:

• a philosophy of the workplace where problem-solving, teamwork, and leadership results in the ongoing improvement in an organization. The process involves focusing on the customers’ needs, keeping the employees positive and empowered, and continually improving the current activities in the workplace.

As such, operational excellence has often been compared with lean manufacturing, a stance that suggests the importance of continuous improvement (Melton, 2005) in improving process efficiency and effectiveness. Lean thinking has historically evolved from the Toyota Production System (TPS) approach (Liker, 2004). Though this approach recognizes the importance of human systems as they relate to process improvement, lean often has the unfortunate stigma of being associated with an extreme focus on leveraging uniform tools (such as standard operating procedures, balanced scorecards, value stream mapping, and spaghetti diagrams for examples) to achieve greater efficiency (Pavnaskar, Gershenson, & Jambekar, 2003). It also has the stigmas of being comprised of difficult or unclear jargon (such as kanban, andon, heijunka, and keizan) inaccessible to the uninitiated (Dennis, 2007; Jørgensen & Emmitt, 2008) and stressing the importance of rapid events (known as kaizen blitzes) to achieve efficiency wins for portions of processes (Modarress, Ansari, & Lockwood, 2004). Yet, true lean thinking recognizes fundamental ways in changing business operations and integration with an organization’s supply chain rather than attention to isolated processes (Shah & Ward, 2003).
These stigmas, coupled with a perception of focus on a lack of acknowledging the interrelatedness of organizational activities and the emphasis on non-service-related industries and roles (Corbett, 2007), has led lean to be a label that many organizations and employees resist despite recognizing the value of continuous improvement (Locher, 2011; Teeuwen, 2011). Apathy stemming from failed lean transformations in organizations (Byrne, 2013) has allowed for the rise of other labels for continuous improvement initiatives (such as TQM, Six Sigma, JIT, etc.) to mitigate the negative perceptions of lean (Nichols, 2011). One such label is operational excellence.

As noted in the definition provided above and evident in the curriculum of schools that teach OE (Ohio State University Fisher College of Business, 2016; Saint Vincent College McKenna School of Business, Economics...
components: technologies but differentiates itself by emphasizing some key components:

• An emphasis on providing value to customers (Liker, 2004). This focus is emphasized in OE practices that advocate the minimization of waste (including overproduction) by not making more of a product than what is truly needed by a customer.

• The importance of changing an organization’s culture (rather than simply forcing lean tools) in leading continuous improvement (Liker & Hoseus, 2008; Mann, 2015). This is consistent with extant research that suggests to truly change a culture, you need to impact the underlying unspoken ways of thinking commonly held by members of a social unit rather than first replacing the tangible artifacts of a social group (like the process, metrics, or tools used) (Schein, 2010; Urick & Crandall, 2012).

• Reinforcing the dignity of employees and their key roles in problem solving, participating in decision making, and providing suggestions for continuous improvement (Saito & Saito, 2012). Such thinking is not only in line with Catholic social teaching (Abela & Capizzi, 2014; Pontifical Council for Justice and Peace, 2012) but also related to major organizational behavior outcomes such as commitment and motivation as well as identification with an organization so that employees feel part of a social collective while developing a sense of self-worth (Ashforth, Harrison, & Corley, 2008; Ashforth & Mael, 1989).

• Engaging in transformational leadership behaviors which are not power-focused for individual benefit but instead emphasize relationships with followers by serving as a role model, encouraging creative thinking, training and developing others, and focusing on the importance of a team (Bass & Avolio, 1990). Transformational behaviors occur when leaders broaden and elevate the interests of a group and when they generate awareness and acceptance of a collective purpose and mission.

• The above discussion highlights the interrelatedness inherent within organizations (similar to how Pope Francis [2015] notes the interrelatedness of his societal concerns). For example, organizations cannot provide value for customers if their employees are not comfortable or willing to understand, engage, and change processes as well as to effectively communicate. Therefore, leaders need to engage in transformational leadership behaviors to motivate employees and influence an organization’s culture in order to guide an organization to success. Many lean transformations fail because of an extreme focus on tools and process (Leuschel, 2015). This is where the operational excellence approach can help change the stigma of continuous improvement initiatives by highlighting the integration and interrelatedness of people, processes, and organizations.

All of these key components of operational excellence drive to three major outcomes. First, OE seeks to continuously improve meaning that progress is not just for the sake of progress but to be more efficient in its use of resources (which thereby allows for greater sustainability) (Glavic & Lukman, 2007) that a business uses to provide value to customers. Second, OE seeks to improve problem solving so that employees will be able to identify the true root cause of a problem and seek to untangle the complexity of the interrelatedness of problems (Sheep, Fairhurst, & Khazanchi, 2012) in order to develop a novel customer-focused solution (Brown, 2009; Martin, 2009). Third, OE seeks to minimize wastes (or non-value added activities) such as making too much of a product, creating unnecessary movement and motion (including transportation), making products not of value to customers, having excess inventory, having non-productive time, and producing faulty products (Nichols, 2011). At first glance, it is easy to see how these components and outcomes relate to Laudato Si. The next section will focus in on four key OE-related recommendations that managers might leverage to respond to Laudato Si.

RECOMMENDATIONS TO MANAGERS FROM AN OPERATIONAL EXCELLENCE PERSPECTIVE

Given the discussion above, it is clear how some of the major components of operational excellence could be viewed as a response to Laudato Si (2015). In this section, we elaborate on four responses that managers might focus on to, in part, address Pope Francis’ concerns.

Waste Reduction

Throughout Laudato Si, Pope Francis (2015) points to the need for more sustainability in business practices through minimizing emissions, pollution, and refuse levels. The OE approach focuses on waste reduction. In particular, OE advocates that organizations not make more of a product than what is truly needed in society, mini-
mize pollution from transportation and ineffective supply chains, and produce products of certain quality so that they will not be discarded upon breaking (Liker, 2004), among other manners of waste reduction. Managers and organizations, therefore, can respond in multiple ways:

- Before producing a product or service, consider the value that it truly serves a society. Does this product promote a greater good including an increase in the quality of life for consumers, employees, and those in communities impacted by the production? Does this product provide a greater benefit than harm, or do the costs to produce (including the cost on the environment) outweigh the benefit that society will receive from this product? These are tough questions to ask, especially when profitability is at stake, but they are necessary ones that managers have an ethical responsibility to consider (Pontifical Council for Justice and Peace, 2012).

- Identify the most efficient and sustainable suppliers, shipping and production methods, and supply chains as possible. As best practices, organizations should integrate their systems (both within and between organizations) to allow for more efficient flow of materials (such as the case where organizations can identify the closest facility from which a material should ship in order to minimize emission levels associated with long-distance shipping) as well as identify alternatives to traditional methods of shipping and production that leverage approaches not closely tied to an overuse of fossil fuels. Managers must constantly monitor this and encourage employees to continuously think of ways to improve in these areas.

- Make only products and services that are of quality (while still sellable at an appropriate price point for customers). Such a focus on quality should include a minimization of “disposable” products that are discarded once used. Rather, products and services made to last and be re-used should be given priority as organizations consider the types of products that they will make. If making disposable products is unavoidable, a deep analysis of the impact that these products will have must be engaged.

Such waste-reduction activities can go a long way in caring for the earth. For example, as Subaru engaged in some of these activities at their plant in Lafayette, Indiana, they have become a zero-waste facility, meaning that they have minimal negative impact on the environment (Schroeder & Robinson, 2008).

Focus on People

OE requires that organizations be both customer- and employee-focused. As Pope Francis (2015) suggests, there is a breakdown in the genuine care and concern of fellow humans. Particularly, challenging interactions in the workplace occur as people perceive each other not as individuals but as stereotypes based on role (Urick, Gnecco, Jackson, Greiner, & Sravanthi, 2015) or belonging to a demographic group (Nelson, 2004) rather than as individuals who share and transfer resources and expertise among employees of various experiences (Joshi, Dencker, & Franz, 2011). Only by treating employees well can organizations truly provide a positive customer experience. Managers and organizations, therefore, can respond in multiple ways:

- Facilitate interactions among employees to generate new ideas, perhaps through convenient and regularly occurring status meetings. Solicit ideas from employees and facilitate aid to help them to implement them. Provide job security when possible and, when not, treat each employee with dignity and respect as they are fellow humans (Abela, & Capizzi, 2014; Pontifical Council for Justice and Peace, 2012).

- Understand that, by empowering and communicating effectively with employees while providing them with the flexibility to do their jobs to the best of their ability yet giving them guidance so that they understand organizational goals, employees will in turn treat customers well. The resource-based view of the firm suggests that organizations can gain a competitive advantage by using their resources to provide a greater value to customers than competitors can (Wernerfelt, 1984). One such resource can be an organization’s employees (its human resources) (Barney, 2001). Consider, for example, the airline attendant who is given the leverage by his manager to entertain delayed travelers while still engaging in his main role-based objectives. It is likely that these travelers, who would otherwise be frustrated, are happy and might return to this particular airline for future services.

Toyota notes that to provide customers with a good experience, employees need to feel secure and valued (Liker, 2004) which can only happen by recognizing the dignity of humans and fostering positive communication (Saito & Saito, 2012).
Focus on Changing Culture

Good managers know that talking about empowerment, changing processes to minimize waste, seeking ideas for problem solving, and other such OE initiatives will not stick if the change is implemented at a superficial level. Rather than changing these manifestations of culture that employees experience with their five senses, for cultural change to truly stick, organizations need to truly change what they care about (cultural values) as well as their often unspoken underlying ways of thinking (cultural assumptions) (Schein, 2010; Urick & Crandall, 2012). Any major shift in how business is done must occur at the cultural level. In order to do this, managers need to recognize their influence on changing culture and to engage in change processes actively. Managers and organizations, therefore, can respond in multiple ways:

- If a manager sees a value that does not fit an OE culture (or a culture that does not fit Laudato Si) and wants to change this particular value, she needs to engage in what Kouzes and Posner (2007) term “model the way.” In this transformational behavior, the manager acts out the value that she would like to see replace the current value (Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Doing so sends a message of this new value’s importance to employees.
- Change is difficult and, in order to change a culture, managers need to structure small wins (Byrne, 2013) so that organizational members will see hope in progress. Through meeting small goals (Kotter, 1996), overarching continuous improvement and cultural change initiatives will not seem as daunting to employees, and they may be more likely to undertake them.

Pope Francis (2015) consistently discusses the importance of culture in creating positive change. While his focus has been on culture at the societal level, each organization has its own culture as well. In addition to societal-level cultures, these organizational cultures (and the managers and employees that influence them) have a need and responsibility to change in a manner that allows for a greater care of our common home.

Interrelatedness

Not one of our recommendations will fully address Pope Francis’ concerns. Nor will organizations find implementing our suggestions easy because, though they sound simple, they are quite complicated and nuanced for each company. Managers will need to truly understand their external competitive environment in tandem with their internal organizational culture to parcel out the specific problems that affect them most and develop metrics to see if any improvement is made. In order to do this most appropriately, managers and businesses will need to engage in constant dialogue with others in society. Through a greater understanding resulting from such dialogue, managers and organizations, therefore, can respond in multiple ways:

- Even managers with the best intentions will see sweeping change difficult to tackle the interrelatedness of the problems. Yet, sweeping change is needed — just as the problems must be considered due to their interrelatedness, so must implementing OE cultures be considered holistically due to the nature of our recommendations.
- That said, when challenges occur and sweeping change seems more like a gradual crawl, managers must not get frustrated but keep trying to influence their culture positively. Continuous improvement, after all, is a journey and not necessarily a destination. Even marginal improvements may bring about significant changes to our common home.
- Lastly, managers need to understand how their organizations relate to the environment and develop metrics to assess if their continuous improvement efforts are having the positive impact they desire.

The purpose of this paper is largely to advocate that, by adopting operational excellence philosophies, managers can respond effectively to Pope Francis’ Laudato Si (2015), but there are also implications for researchers and we now turn our attention to these implications in the next section.

FUTURE RESEARCH

Though this conceptual paper is a starting point at providing business leaders with some ideas to respond to Laudato Si (2015), there is much additional work by management researchers that could be done in this area. For example, though lean is a common term that most operations scholars are familiar with, operational excellence is more vague. The details of this term seem to vary, perhaps in part because most of the writing on OE has been done with a more practitioner (and less academic) audience in mind. Therefore, more academics need to examine the nature (and effectiveness) of continuous improvement initiatives, such as OE, that are somewhat different than lean. Other concepts are plagued with vagueness and a lack of
clarity (leadership is a famous one) (Kelly, 2008), research on OE and other continuous improvement initiatives should be continued to be better defined in the literature.

Similarly, though Pope Francis (2015) provides a powerful description of some of the major problems facing the modern world, some of the concepts and terms he uses are also general. For example, when Pope Francis discusses the poor, to whom is he referring? Who is the intended audience of this piece? What does the term "throw away culture" mean? Is there any hope for true reform in improving the care for our common home? These and other questions could be answered either by official Vatican documents or theologians to help businesses take more practical steps and allow for business researchers to examine additional implications that this writing has on organizations.

As a third direction, this research has implications for a more "macro" (societal) level of OE. While OE has most commonly been used to consider continuous improvement, problem solving, and waste reduction techniques that individual businesses (either individually or in conjunction with their supply chains) undertake, it has not often been applied to consider ways in which societies might address these concerns. A more macro OE approach regarding how societies might consider and coordinate large-scale waste reduction, continuous improvement, and problem-solving initiatives is suggested.

Lastly, though one suggestion that we make is that managers develop metrics for measuring the effectiveness of employing an OE philosophy to address Pope Francis’ (2015) concerns, we also see that management academics have some responsibility in this manner as well. We think that Pope Francis would be pleased at our awareness of the need for dialogue between business leaders and academics. Management academics might help business leaders interpret the data that they collect to measure if their initiatives are effective. Furthermore, management scholars might assist managers in developing and measuring the validity and reliability of the instruments that they will use to assess success in addressing the major concerns presented in Laudato Si.

**CONCLUSION**

In Laudato Si, Pope Francis (2015) presents a moving argument regarding the responsibility that humans have to care for others and the earth. In doing so, he illustrates how some of the most major challenges currently facing the world are interrelated. To respond to such challenges, humans need to have a comprehensive approach.

Yet, Pope Francis largely addresses government and societal decision makers. While, he suggests implications for businesses and organizations, he does not provide concrete steps that business leaders might proactively take to address some of his concerns in lieu of legislation and greater direction from governments and society. This is perhaps purposeful as the Catholic Church’s position seems to suggest that the most appropriate and competent secular authorities (i.e. business leaders) are those that can best assess their unique situation to apply the general suggestions in Laudato Si.

Therefore, this paper was an attempt to leverage the management philosophy known as operational excellence to address some of Pope Francis’ concerns. In doing so, we summarized some of Pope Francis’ major concerns that apply to businesses as well as some major components of the OE philosophy. Following this, we engaged in a discussion regarding what managers of organizations can do to respond to the Pope’s concerns. We concluded by briefly suggesting some areas for future research.

**REFERENCES**


ABOUT THE AUTHORS

Dr. Michael J. Urick, graduate director of the Master of Science in Management: Operational Excellence (MSMOE) and assistant professor of management and operational excellence at St. Vincent College (USA), received his PhD from the University of Cincinnati and MBA and MS from Duquesne University. Urick teaches courses related to organizational behavior and human resources. He is the recipient of several awards, including Person of the Year from the Institute for Supply Management, an international professional organization for the supply chain field. Urick is an associate editor of the Journal of Leadership and Management and his research interests include leadership, conflict, and diversity. He has presented at international meetings such as the Academy of Management and Society for Industrial and Organizational Psychology. Prior to academia, Urick worked in a variety of roles related to auditing, utilities, environmental issues, and training and development.

William J. Hisker, MRCPL, M.Div., Ph.D. is a full professor of business management at Saint Vincent College. He currently chairs the departments of Management, Marketing, Accounting, Finance and Economics, in the McKenna School of Business and currently teaches courses in business ethics, Benedictine leadership studies, and leadership and ethics.