Economics, Strategy, Games, Signals, and Doctrinal Dilution
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Abstract: Mainline churches seem to be diluting their doctrinal subscriptions (at the congregational and personal level, which can percolate up to the denominational level) for the sake of ‘ecumenism,’ community outreach, and numerical growth. Standard economic analysis can explain some of why this is happening as well as underscoring the importance of being confessional.

Thomas Fuller wrote, “He does not believe, that does not live according to his belief.” Or, as I have said in chapel, “Doctrine believed is doctrine lived, and doctrine lived is doctrine believed.” My own words strike at my own heart. How faithful am I to the WELS corporate confessions? Am I willing to die for my faith? Am I even willing to live my faith?

I see myself and others treat their church’s doctrine as though it were a historical relic: some object of study, but not a norming principle for living. Luther has written, “Faith is a living, daring confidence in God’s grace. It is so sure and certain that a man could stake his life on it a thousand times” (from Luther’s Preface to the Epistle to the Romans).

As a member of a small confessional congregation I see other individuals, congregations, and entire denominations abandoning their confessions or reinterpreting them to mean all things to all people. I see a new denomination forming comprised of non-denominational churches. These are not the only changes in American religious life, but other questions arise: why are these churches so large, why are they loathe give an unqualified subscription to ancient confessions, and why are they so popular? This paper asks the almost distinctly Lutheran catechismal question, “What does this mean?” Does this explain why some people in our own Synod (WELS) have such a fetish with numbers? This paper addresses these questions from an economic perspective and serves as a warning to all churches and institutions to watch for and guard against what is compelling this change.

The United States’ religious environment is interesting. There is a dispersion of the congregational sizes according to specific denomination, but what is disturbing is the gross lack of corporate worship participation. The average church attracts less than 90 adults a weekend, but 2% of the churches attract more than 1000 adults on a typical weekend. These 2% get the most media attention, so it may seem as though the large church is the way of the future. Couple this church attendance with average congregational size, and this suggests less than 14.7% of church members actually go to church on a weekly basis.

1 The average Protestant congregation size is 614, according to the General Social Survey (published by the National Opinion Research Center) of 2000.
2 Ibid.
Mid-sized (attendance of 301-999 per week) and large churches (1000 or more adults in attendance per week) attract better educated and more affluent individuals than smaller churches. As a result, these churches often times are willing to take more risks, be more aggressive marketers, and have a deeper pool of financial and talent resources to draw from. An added advantage of these organizations is the attitude of the congregants to taking leadership. Often, these leaders in industry are comfortable with being leaders in the church and they tend to equate numerical growth in number of members with success.

One-quarter of church-going Baby Boomers attend churches of 500 or more adults, compared to just one-sixth of church going Baby Busters. The absence of children impacts one’s choice of a church because providing children with a quality ministry experience is one of the main reasons why many Americans attend a church, and larger churches typically offer more programs and opportunities for children. At the moment, approximately 25% of all church going adults go to a “Megachurch” (membership of greater than 1000).

Are small churches a relic of days when people walked to church; when citizenship in a community meant membership in a congregation? With transportation costs declining, there are more choices available to people as to where they worship and it requires fewer churches to service the same population. Bill Hybels, senior pastor of Willow Creek Community Church, believes there will be a tendency for local churches to grow larger—especially in urban areas. His congregation has grown from 125 in the year 1975 to over 6,800 in the year 2003.

The economic reasons for church growth include transportation costs, economies of scale, and network economies. When there are large fixed costs of operations (e.g., beautiful buildings, maintenance, computer and office equipment, etc.) apportioning these costs over a larger membership base brings about declining average costs per member. Plus, the additional costs of shepherding a soul are minimal: preaching to an audience of 500 is not much greater than preaching to an audience of 400. There is a trade-off though, as members might not feel personally addressed, so the law of diminishing returns does apply to the shepherding function. However, the greater these economies of scale, the larger the optimal church size will be.

Network economies exist whenever the value of a product increases with the number of adopters of the product. This holds with telephone networks, where the more people that are available on the network, the more valuable it becomes to be part of the network. Large congregations tend to offer a greater variety of services because there are more diverse skills available, plus fellowship opportunities increase as finding others with similar interests is easier in a larger population. There is a point where members may feel disconnected and inconsequential though, so there are limits to the optimal size of the congregation.

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4 Ibid.
5 Ibid.
6 Ibid.
7 Ibid.
8 Ibid.
Popularity also lends to the validity of a belief: if you are the only one who holds a particular belief, you might question whether you are correct; whereas, when a large number of people believe something, it is easier to accept the testimony of the masses. This is the claim of the Orthodox church and the Catholic church as they hold Scripture to be subservient to Tradition (in the form of the councils or the papal decrees). Small congregations may play the role of “boutiques” where you are offered intimacy and personal attention, but from a purely financial perspective, there are merits to having larger churches.

But what about the doctrinal dilution taking place in religion? What forces are compelling this? The management of many churches and the marketing strategies advocated and employed by many are symptomatic of the lack of personal confessional subscription on the part of the individuals in leadership positions in the church. Management and marketing per se are not the problem, but rather, they point to the problem.

Though the analogy is not perfect, church management and for-profit-firm management are similar. First, look at for-profit-firm management.

Profits are the breath of a company, but they are not their purpose. Profits help a company achieve its goals, but the goals of a company are defined by the triumvirate of values, vision, and mission.

The same applies to churches: to perform ministry requires the time, treasure, and talents of the members, but using time, treasures and talents are not the goal of a church. Preaching the Word and administering the Sacraments as Christ instituted them characterize the church. It’s not filling the pews, but filling heaven that is the purpose of the organized congregation.

Values constrain, augment and transcend the fundamental requirement of profitability of the firm as they give a company a sense of who they are, what they represent, what they want to achieve, and how they intend to achieve it. These values help build relationships and foster commitment with employees, suppliers, and customers.

For a church, the values are defined not only by the written confessions of the church, but by the actions of the individual members. Doctrine means very little to people who view it as malleable and outdated.

A vision offers a view of what the enterprise might become. It spells out a possible and desirable state. To this end, a vision must be realistic, credible, and attractive. The same applies to firms as to churches. Many church bodies have visions, but the vision is not the end in itself as the vision is to conform, or be normed, by the values.

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10 These religions diverge as to the proper relationship between Scripture and Tradition, as the Orthodox claim Scripture is a beginning point of Tradition with Tradition being more authoritative than Scripture; whereas Catholics hold they are two separate streams with Tradition being authoritative. The conclusion is the same: putting the Word of God subservient to the word of man or Tradition they teach a doctrine of devils.

12 Ibid.
The mission statement is a statement of a company’s, or church’s, immediate purpose. It typically comprises a statement of what the company or church is trying to achieve, and very often defines—in broad terms—the business that it is in. Open a bulletin or order of worship and you will generally find a mission statement and sometimes a vision statement. Mission and vision statements are not inherently evil, but they can breed evil behavior when they are not backed by a core set of values. A person’s core set of values, and similarly a denomination’s core set of values, is summarized in their confessions. We, by virtue of being part of the body of Christ, are in the business of spreading the Word; winning souls for Jesus; and generally, following the Great Commission (Matthew 28:16-20). Our vision is the same as that of our heavenly Father who desires all people to be saved (1 Timothy 2:4). In our fellowship, we express our unity in what we value most: God’s love for us in Christ Jesus our Lord (Romans 8:39).

Success in business is measured by whether or not particular goals have been met or are being attained. To that end, the managers and employees must be inculcated with what the core values, the vision, and the mission of the organization are. This helps to modify behavior and, to an extent, desires. This is akin to propaganda campaigns which can be defined as the forbidding to think and speak in certain ways coupled with bidding to think and speak in certain other ways. It’s equivalent to getting rid of bad thoughts and replacing them with good ones. That is one of the purposes of training—along with teaching new skills. In the church, we use catechesis and our primary/secondary education system to instruct our youth. To an extent, these systems are used as outreach as well, but the primary function is inreach—training Christians for lives of service to Christ by preparing their minds for action (1 Peter 1:13).

To achieve the goals of the firm, institutional structures (e.g., monitoring, hiring and firing) and incentive systems (e.g., profit sharing and stock ownership) must align the personal interests of the employees with those of the owners of the firm. Without the proper structure and incentives in place, managers and employees can use the shareholders’ resources to pursue their own selfish ends with little concern for the desires of the owners.

In order to speak intelligently about strategy for a firm, it is necessary to know what its purpose is. The same applies to the church. In order to use modern management tools in a church (notice, the following is a precondition for using modern management techniques) it is also necessary to hold to a core set of values. What serves as the core set of values of a particular church? Is it the belief of the senior pastor? Is it the consensus of the Board of Elders? Is it a set of documents spelling out in great detail the historical position of the church body?

Confessional statements are very efficient. They discuss official positions on issues that have already been settled. Often times questions of principle do not change though social conditions may. A confessional subscription expresses not only a horizontal fellowship (i.e., with whom I am presently in agreement with), but it also expresses a vertical fellowship (i.e., with whom in the past, and in the future, am I in agreement with).

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15 Subject to the James 4:15 condition.
Pastors die or move. Boards of Elders and popular opinions change. That is why any talk about ‘transactional’ or ‘transformational’ management should raise suspicion in the church. Church administration should necessarily be cumbersome and rooted in tradition. Instead of believing in the power of ‘visionaries’ we should believe in the transforming power of the Holy Spirit.

Not only is it inappropriate to use modern management techniques in a church without having a confessional subscription, it could be deleterious. Witness the recent abuses in corporate America where large firms like Enron and WorldCom were destroyed by upper-management using the organization as a vehicle to achieve their own personal ends. These firms failed to instill the values of the organization in the individuals managing the organization, so ultimately these empires crumbled. There was inadequate monitoring of the behavior of these leaders, leaving them unaccountable to shareholders—the managers had become entrenched.

That may be the route churches that do not hold to their confessions take. Boards of elders, district presidents, and denominational administrators need to monitor that the activities and teachings within the congregation. Church discipline has to be pursued, lest false teachers become entrenched.

Provided a church holds to its core values, modern management techniques may be useful, but absent unqualified subscriptions to doctrine, churches run the risk of standing for nothing as they try to stand for all things. The devil lurks around like a lion looking for new prey (1 Peter 5:8). Churches that open the door to doctrinal deviations also open the door to the devil. Witness the popularization of “WWJD.” Yes, in situations we should ask ourselves, “What would Jesus do?” But that is a hollow question of law. What would Jesus do? He would be perfect. And the Law demands the same of us.

But we must also ask the question, “What did Jesus do?” That’s a Gospel question. The Gospel answer is that He lived perfectly for me.

The blame doesn’t lie in the denomination, the district, or even the congregation. The blame rests in the individual church member in, or not in, the pew. Doctrinal dilution permeates up from the individual to the denomination. People vote with their dollars in the U.S. economy, and they vote with their church membership in the religious economy. When people sit idly by, or openly advocate deviant teachings, they are transforming not only their own congregation, but often times their entire denomination.

Four out of five adults (79%) said they would find it ‘preferable for Protestants and Catholics to put aside their differences, focus on the things they have in common, and work together whenever possible’ (Barna, 1996). 40% [of Evangelicals] assert that there are no moral absolutes (Barna 1997).

The trend in the teachings of many churches today can be explained by a classic game theory example. Where should a sidewalk vendor locate to maximize profits? Imagine a scenario where there are two vendors, all costs are fixed, the customers are equally distributed along a straight line (the sidewalk), the vendors sell identical products, and consumers will choose between them based on the total cost of buying the good (which includes transportation costs). Regardless of the original placement of the vending stands, profit maximization will force the two vendors to sell side-by-side in the middle of the strip, sharing the market equally. This is why merchants tend to congregate in one particular area (amongst many other reasons that are not relevant for this paper). This is also
why political candidates that have a serious chance of winning tend to be moderates instead of fringe candidates.

The same applies to the development of many church leaders: they have their theological training, their motives may be pure as to wanting to share the Gospel with as many people as possible, but they take the sidewalk vendor approach of trying to find middle ground. In the name of Ecumenism they try to be the least offensive, despite Jesus Himself told us the Gospel would cause division (Matthew 10:33-35) and it would be an offense to those who are perishing (1 Corinthians 1:18). Plus, these individuals and churches that diminish the importance of their doctrines are saying that what they have to offer is no different than what other churches have to have offer. The implied message is, “all roads lead to the same destination,” despite Scripture’s teaching that the gate is small and the road is narrow that leads to life (Matthew 7:14).

This is a reason why many churches are abandoning their historical teachings. This is why there is a trend to unity at all costs. Vendors are trying to reach as many customers as possible, but they are ignoring a salient point: the Word of God is not a product; it is the very Word and power of God (1 Corinthians 1:18). The doctrine that is abandoned is the very thing that serves as denominational identification. When the doctrine is thrown out, the church no longer stands-up for Jesus, but instead they stand-up for social justice, personal sanctification, self-esteem, child-care, and donut fellowship.

Confessional subscription can serve as an edifice against heresy and the devil. Not only does confessional affiliation anchor the message of the church and unite it across space and time, but it also sends a clear signal. Signaling theory involves transmitting a message that is believed and can be acted on in the face of uncertainty. So, how do churches do this? Well, how do you know if the church you are entering bears the marks of the church before you enter? Is it by the size of the building? Is it by the geographic location? Is it by the name outside? These signals of old—that may have worked—have been attenuated by the trend towards doctrinal innovation and non-denominationalism. Even denominational affiliation no longer guarantees the Word of God will be proclaimed, as you might find yourself in a pew listening to a great moralizer or storyteller, but there will be no proper dividing of the word of truth.

Only those denominations that have held unswervingly to the historical, “antiquated” Creeds and Confessions send clear messages. But signaling involves transmitting a message from a signaler to a signal receiver. Despite the efforts of the signaler, the message might not be believed if the receiver has had experiences in the past with similar messages but unpredictable or negative results. In order for the signal to be received and believed, the message must be credible. In order for the message to be credible, it must be too costly for others to imitate. So, how do churches send the clear signal that theirs’ is the Message?

As the first part of this paper suggested, there are cost advantages to being large, so maybe a small congregation adds veracity to the signal. It says, “We do not look like them, so we do not teach like they do.”

The message must be costly. It must be so costly that no one else would imitate it. It must involve taking up the cross daily and following Jesus (Matthew 16:24). It must involve standing at the cross

10 Gospel preached in purity and truth and the Sacraments administered as God commands
roads, asking for the ancient paths and walking in it (Jeremiah 6:16). It must involve abandoning the
things of this world, letting the dead bury their dead, and following Jesus (Matthew 8:20-22). It
must involve properly dividing the word of truth: preaching Law and Gospel (2 Timothy 2:15). It
must involve administering the Sacraments as Christ Himself instituted them, giving the forgiveness
of sins, salvation, and everlasting life. It means causing divisions and siding with Christ instead of
the world. It means boldly confessing Christ (Matthew 16:16) instead of being obsequious to popu-
lar opinion. The message must be the Gospel—which is costly. It cost God His life to make it
good news for all who believe.

Core values—confessions—must be adhered to. Confessions anchor the church against attacks.
The Word of God is to be viewed as the Word and not as a product. And we must hold to the
promise of God with confidence and the assurance of His grace, that, “Whoever loses his life for my
sake will find it” (Matthew 10:39). It is costly to follow Jesus, but that is a cross we should joyfully
bear—considering the cross He bore for us.

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