

# Demos Quarterly

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# Risky business

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On the computer screens of giant American corporations, a new kind of display is spreading. At the press of a mouse, you can click on to company help when moving house, company help if having a child, company help in planning retirement. Click an option in the left hand column if you want advice about events in your personal life; click on the right to discuss events in your career. There is also a company call centre to take your enquiries with the help of computer-aided telephony.

In the new enterprise culture being pioneered in America, the Human Resources (HR) department has, like many other bloated staff functions, been subjected to business process re-engineering. Now many tasks in HR have been shifted downward to the level of the strategic business unit, and, more significantly still, to the employee. In the face of today's insecurities, it has more than ever before become the responsibility of the employee to look after his or her future pay, conditions, promotion, health, education, insurance, pensions and all the rest. Meanwhile, slimmer HR departments find themselves, like everyone else, having to do more with less. They run spreadsheets which track every point of contact between themselves and the employee: from a routine payroll enquiry to the losing of a company badge.

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As ever, Information Technology (IT) mediates relations between business and employee. But IT has grown up like this only as a symptom of a wider *political economy of risk at the workplace*. And in this economy, business ethics will play a vital role, for reasons we shall explain.

### **The drive for cohesion at work**

The screens we have described exist because it is thought that each employee's future needs planning as never before. The job for life is over; state provision of welfare cannot be relied upon. This harsh logic applies even to HR employees. After victory over the trade unions, the absence of an enemy puts every HR professional's job on the line.

More broadly, it is now held that every kind of *manager* in business, let alone every kind of member of staff, can fall victim to risk. The cult of re-engineering, the dependency corporations now have on their customers, suppliers and partners, the rise of outsourcing and of the 'virtual' corporation, unexpected threats from new competitors entering the market for the first time, rule-changing new technologies: it appears that risk itself has been globalised, and, with it, the fate of even senior people. Haunting the Western imagination is a mix of formidable Japanese production technique and dirt-cheap labour costs in the rest of Asia. In this world, it seems that nobody in the workplace is safe.

Since Henry Mintzberg first showed that everyday management was for the most part a chaotic series of quick and oral improvisations, the sense of contingency in running a firm has grown.<sup>1</sup> Today, however, there is uncertainty not just about the future, but even about the present. Already AT&T and Barclays have shown that a rising mass of profits is no impediment to major redundancy programmes. As a result, textbooks on strategy formulation and on planning are denigrated.<sup>2</sup> Meanwhile, the naturalistic metaphors of biology and of co-evolution have begun to overwhelm our old friend, the theory of the firm.<sup>3</sup>

In such a universe, each is almost blameless. Each, in the style of Oprah Winfrey, is also a real or potential victim. This is why, in the workplace, business ethics can only grow. We ought to be more than

ants, after all. Alternatively, we should learn from ants and, through ethical transactions within and beyond the firm, gain a more collective approach to risk. Ethical conduct in the office, factory or customer-facing environment, is thus demanded not for moral reasons, but as a binding discipline brought in to make sure that profitability does not unravel in the face of what is seen as unprecedented risk.

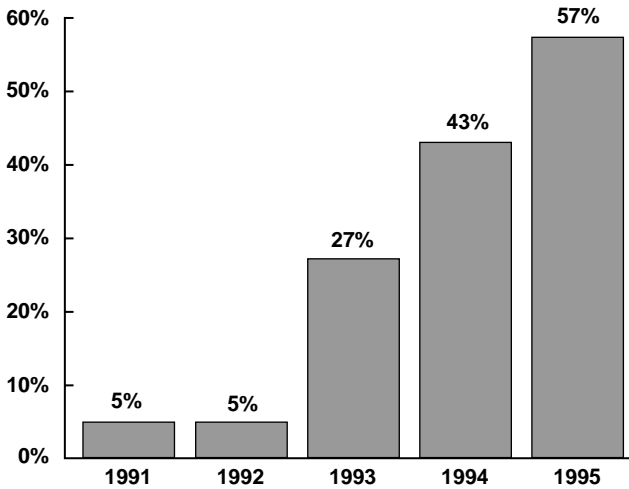
More and more, top management believes that if it can exude the right kind of generosity to people made insecure by years of slow growth, it can successfully appeal to them to work harder and 'smarter'. And in 1996 this new role for business ethics is not just possible, but necessary. The old props to cohesion have lost their effectiveness; indeed, it is exactly this impotence which explains today's heightened perceptions of risk.

Global markets have, of course, put circumstances beyond the individual's control for a century or so. In that case, what's new? What is new is the sense that:

- chaos is in the nature of management;
- many traditional techniques no longer bring results;
- risk, once a positive ingredient of enterprise culture, is now a negative barrier to it.

Stress at work, health promotion at work, change management, 'clipboard armies' of auditors, consultants, counsellors, ergonomists, facilitators, graphologists, lawyers, neurolinguistic programmers, regulators, representatives of a multi-agency approach, specialists in lifelong learning and personal development, trainers: we have here a whole industry of nervousness. The fear of information overload is rising and much of the discussion on the future of IT now relates to building mechanisms to cope with overload.<sup>4</sup> IT, HR and management itself all suffer a crisis of legitimacy. It is a crisis of credibility and of authority, familiar to any observer of Western governments nowadays.

The firm's future, like society's, is perceived to be at risk. 'Bet the company', the enterprise culture of the 1980s, has become the sensation that, through decisions innocuously made today, we may 'lose the com-



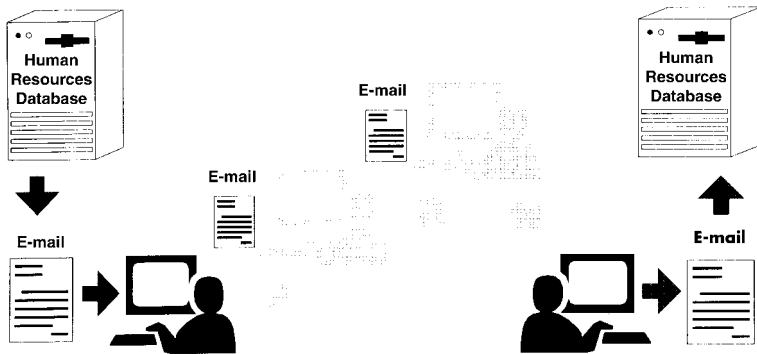
Source: Deloitte and Touche 1994 Survey of Information Technology

**Figure** Percentage of human resources activities in large US corporations performed on-line.

pany' tomorrow. Risk management has grown into an occupation and, like HR and IT, is increasingly regarded as a skill in which even the most junior manager must be adept. At the same time some blame does publicly attach to the current generation of top managers. When they transgress, and especially if they are found to have responded to the pressures of risk by becoming corrupt or greedy, they are castigated for irresponsibly exposing the firm to risks even greater than those already endured. They put the trust employees have invested in them at risk. They must be sent on a course on business ethics.

### **The place of ethics in the history of management**

Ever since the American railroads pioneered the separation of ownership from control, the possibility was given that managers might represent interests wider than the shareholder. From the Webbs onward, an industrial democracy in which managers embraced workers' interests



Monday

- Employee not eligible for planned incentive payment
- HR database generates e-mail "from" to employee's manager based upon previously approved incentive plan
- Manager validates change

Tuesday - Thursday

- System automatically routes validation to higher management levels via e-mail

Friday

- Once all necessary approvals recorded, system makes appropriate payroll changes

*Source: Corporate Leadership Council, Us, 1995*

**Figure** The new process for approving salary changes.

was seen as a way to go beyond capitalism. However, the ethical or 'stakeholder' approach to social cohesion differs greatly from this.

It offers not more property, but rather the more modest, American theme of inclusion. Also, the ethicised stakeholder approach aims not to go beyond capitalism, but rather to stabilise it. Above all, however, the target audience for business ethics is as much management as it is the workforce. It is management that is the most paranoid about risk.

Fear, we should remember, predates the discovery of facts today. As a result, many managers dread the instability that might be set off by ethics programmes. Having drunk the most deeply of theories of globalisation and unstoppably subversive technologies, management does not feel in control of events. It has little real theory of change and thus, we may surmise, little faith in its own agency. And where agency is seen to be at work, as in ethics programmes, the suspicion is that it could

make things worse, Why? Well, the most recent attempt at agency in management – the application of business process re-engineering over the past seven years – is now widely agreed to have failed.<sup>5</sup>

That ethics programmes rarely lead to revolts is reassuring, but also disturbing too. For when this risk, like most others, is revealed as miniscule, that fact alone can compound apprehensions of risk. Today, even satisfactory *dénouements* prompt agonising reappraisals. Wasn't a lot of time spent worrying about the reception that ethics programme might get, whether cynical or over-zealous? And wasn't, in retrospect, the time wasted – wasn't it time which could have been spent dealing with genuine risks?

## Conclusion

The traverse to ethical practices can be hard for an older generation of managers. But a newer one senses that, when people have lost their old sense of belonging but may still want to belong to something, now may be the opportune moment to recast 'industrial relations' once and for all. Ethics does not just speak of the plight of corporate elites. By building on the individuation and atomisation of recent years, it promises that risk, a limitation inherent in market forces, will be deemed instead a condition of nature in general and human nature in particular.

The market is taken for granted. It is universal and eternal. Snags only derive, therefore, from bad behaviour. One silly experiment, as at Chernobyl, can lead to disaster. One computer virus, unnoticed, could destroy a company for good. In this framework, safety at work becomes a religion, the security of IT systems and of buildings forms grounds for a continual panic, and 'awareness' of the problems is preached as the new panacea.

More and more, management is represented, like the nation state, as unable to do much about risk: the risk of malice, evil or recklessness. The merit of business ethics to 21st century enterprise culture will be that it offers a tool for the exercise of power in the name of impotence. Management, it is candidly argued nowadays, is beset with difficulty. The employee who does not curb his smoking, his language, his

demeanour and his tendency to avoid consulting screens of Human Resources advice – such an employee is making the difficult impossible. The right to draw a salary must be coupled with the responsibility to be a team player. When everyone's job is at risk, a personal, computer-mediated dialogue with the central HR department is a small price to pay.

That is a slippery slope. The doctrine that dissent is only the work of anti-social elements used to be put out by Stalinist régimes in Eastern Europe: nobody believed it. But many believe that same doctrine now that it is promulgated in the West. Ethics, the reduction of risk in the workplace, turns out to be the reduction of independent thought and action.

Ethics – prescriptions for why, in a risk-laden political economy, we should *not* act in certain ways – has itself been born of paralysis. For far-sighted bosses, it offers a way out of that state: an end to the moral censure of recent years, and a winning back of the right, if not the ability, to manage. For the rest of us, it offers intellectual enslavement.

Eventually, the risk of being turned into a zombie at work will emerge as bigger than the risk of being made redundant. The screens on HR will be switched off. They shall not pass.



# Notes

1. Mintzberg, H., 1973, *The nature of managerial work*, Harper & Row.
2. Barwise, B., 1996, 'Strategic investment decisions and emergent strategy', in *Financial Times*, 2.96, *Mastering Management*, No 15: 2.
3. For recent examples of the fad for biological metaphors in management science, see Moore, J.F., 1993, 'Predators and prey: a new ecology of competition', *Harvard Business Review*, May–June 1993.
4. For fear of information overload, see Postman, N., 1992, *Technopoly: the surrender of culture to technology*, Knopf.
5. There is a growing literature hostile to 'BPR'. See Bartlett, C. and Ghoshal, S., 1995, 'Rebuilding behavioural context: turn process engineering into people rejuvenation', *Sloan Management Review*, Fall 1995.