Business for the 21st Century

Towards Simplicity and Trust

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Thank you Dominique and Camille.
Sociology owes you a debt of gratitude

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Introduction

Why write about the everyday life of companies and *in* the workplace at the beginning of the twenty-first century? Because I believe it is urgent to do so, given the gulf that has opened up between what is said by and about organizations and things as they really are.

Speaking the language of ideology

On the one hand, there is the language businesses use, especially when talking to their employees: their language quickly lapses into abstraction and coded allusions. In a word, it is ideologically tainted. It comes as a great surprise to the outside observer to note the complicated relationship (to say the least) that these organizations have with reality. Complex reality strikes fear into organizations, because it is not what they would like it to be. So organizations 'filter' their apprehension of it through stock phrases, weasel words, code words and a body of terms and notions, some of them very vague, which the system's actors ritually bow down to; the less they relate to reality, the more unquestioningly they swallow them.

Organizations speak of 'values', for instance, regardless of whether they truly reflect actual, recurring behaviour or whether their management systems (those famous 'HR policies') actually foster those values. They issue charters spelling out 'management principles', an idealized vision – or mere 'marketing' for external consumption – that bears little relationship to the everyday work of the people concerned. In other words, the actual constraints on collective action, and its essentially systemic nature, are denied in favour of soothing declarations or, worse, notions that hold individual behaviour responsible for things that are in fact simply due to a lack of understanding of how human groups really function.

Obviously, this can work only up to a point! This suggests to me that some of modern management's buzzwords are destined to vanish as quickly as they arrived, with no mourners. Take the terms 'leader' and 'leadership', for example: I wouldn't stake much on their future. Yet today's managers bring them up at the drop of a hat. There's barely an executive training programme worth its salt that doesn't tout 'leadership for (this or that)'. This is a goldmine for consultants, coaches and specialists of every type. Yet, on closer inspection, the more people focus on the 'leader', the weaker their grasp of the complexity of collective action is. However, it is precisely the responsibility of the leader to understand and master the activity of the group. Unable to cope, leaders prefer to train their subordinates in leadership, hoping their individual qualities will compensate for the lack of any reasoning built on the way in which human organizations actually work.

What better illustration of this than the widespread fiasco of project management in the car industry and the subcontractors of that industry especially? Functioning in 'project mode' (a good example of management-speak) means deciding that, to construct a project or 'solution', one needs to bring together a cross-functional collection of actors hitherto content to work in their 'silos' or '*métiers*' (i.e., their trades, specialities or crafts). In a word, one 'de-layers' some of these and gets them to work horizontally, under the management (leadership) of a 'project manager'. The rest depends on the latter's managerial capacity to execute the project successfully.

Forgive me if this sounds brutal, but this betrays an intellectual laziness that pervades the life of modern business, no doubt a *quid pro quo* for the growing harshness of life in the workplace. The hope is that the personal qualities of the man or woman in charge of this peculiar way of working will suffice to make the operation a success. This is not the case, of course, and the most tangible outcome is to make it ever harder to find volunteers for this function of 'project manager'. Needless to say, this is not just a vague question of 'leadership', nor it is a 'technical' matter (as in project management techniques). What is at issue is the nature of the real power available to the project manager for dealing with the 'business lines'.

Here we leave behind the rhetoric of management to broach the basic *knowledge* that underpins the workings of the organization. To sum up: if this project manager has no meaningful 'control' over the actors assigned to him, he is powerless; he will get nothing out of them except by negotiating tenaciously and 'politically' for a sliver of their goodwill. From a managerial standpoint, he will not be a good leader. If, on the contrary, the career prospects or the variable pay of those assigned to the project depend on the person running the project, then he may have some prospect of success. This is not about individual leadership: it is a question of the organizational resources made available to the actors involved. In a word, it is about power relationships.

As the world of the enterprise grows ever more ruthless – something to which we can all attest and whose causes I shall be spelling out in this book – this 'intellectual deviation', which also produces feelings of guilt in those affected and renders those practising it unaccountable, will be less and less tolerated. I am willing to bet that one effect of the crisis the world has been going through for over 30 years now will be to 'twist companies' arms' and force them into using a little more realism in the way they do things and in the vocabulary they use to explain them. As we shall see in the final section of this book, some are already going down this path, which is the path of wisdom.

A theoretical and abstract language

Meanwhile, the way outside observers talk about the workplace is scarcely more encouraging. They have little understanding of life in the workplace because most of the time their knowledge is *spontaneous and/or ordinary*,[1] for want of an appropriate analytical framework. Business school professors in particular have largely contributed to the emergence of an abstract management language, though this is scarcely surprising since it is the same institutions – and to some extent the major English-speaking consulting firms – that rationalize *ex post* the simplistic practices we can observe in business. The ossification of the social sciences over the past 40 years or so in the United States, which was the birthplace of the 'management sciences' (we can hardly call them 'disciplines'!), has had a hand in this. Having become quantitative at best, and normative and prescriptive at worst, they too have lost their grip on reality, presenting statistics only very remotely related to what actors themselves actually experience, explaining to them what ought to be for want of understanding what is.

Sociologists must pluck up the courage to say that economists – especially those interested in work – have largely helped steer the literature on the workplace back in the direction of real life.[2] The most convincing work has been on the themes of work and what are known as 'psycho-social risks',[3] including those works by a handful of sociologists who have long been working in isolation. Indeed, this provides an opportunity to highlight, perhaps a little naïvely, how long businesses and government have taken to respond to the repeated warning signals sent out by specialists. Deteriorating working conditions, sometimes with dramatic consequences, are a striking example of this. There may be something of a vicious circle here, and admittedly the literature on the workplace scarcely makes for thrilling reading. Thus, its findings go unheeded ('it reminds me too much of the office'). Serious, well-argued warnings are lost in a welter of books put out by specialized publishers riding the wave of fashion.

Companies no longer have any idea what they are doing

However, and this is another warning I want to sound throughout this book in the faintly optimistic hope of being heard: companies have lost, or are in the process of losing, control over themselves. In the most direct meaning of the verb 'to know', they no long know what they are doing. That would not be particularly serious if it did not have direct consequences on their performance and, ultimately, on society. We will see that this loss of control is the result of a twofold process that public and private organizations alike have failed to master, doubtless for want of having understood it, and also because they have no notion of what is happening right now.

To sum up: the period known in France as the '*trente glorieuses*' (the 30-year period of rapid growth between the end of the Second World War and 1975) set the scene – for reasons I have discussed elsewhere[4] – for a large dose of 'managerial sloth'. Companies surrendered control over whole swathes of their business; this applied both to their own units as well as to control over their clients and over the real quantity of work done by their employees. There was a time when the abundance of resources, especially those levied on the Southern hemisphere,[5] allowed companies to absorb their spendthrift ways without undue difficulty and to buy peace in the workplace, a commodity much appreciated when the economy was growing. During that blessed period in folk memory, shareholders were in alliance with their employees at every level (executives, as well as blue- and white-collar workers) for as long as they could be 'bought', thanks to what economists call the 'mark-up', in other words making a profit from their consumers. Interestingly, this 'sloth' (or exploiting this opportunity) was at work in all sectors of the economy ... even among Bordeaux winegrowers![6] It is this same 'sloth' that enabled the emergence of what we have called 'pockets of under-working',[7] an ever-present reality, yet one that is consistently passed over in silence, so persistent is it in the life of our organizations.[8]

But as conditions grew tougher, i.e., in the wake of the first oil crisis in 1974, it grew harder to continue in this consensual, though in many ways prodigal, manner. The pendulum had to swing the other way and means had to be found to assert control over what everyone was doing. In management's delightful vocabulary, organizations had to be put 'under tension'. More seriously, 'integration' became a major management concern.

Throughout this book, I therefore also want to explain what the seemingly banal term 'integration' actually refers to and, above all, I want to take a closer look at the 'tools' used to bring everyone back in line and, as it were, signal the end of managerial 'playtime'. Letting work 'take its own course', whether by giving people their autonomy or through low productivity, is a *contextual* practice: it is dependent on the economic circumstances that make it possible, and there have been few of these in history. Indeed, this is why those that have benefited most from this '*laissez-faire*' approach – civil servants, for example, though not only them – fought to get this privilege enshrined in so-called 'statutes' as a way of 'decontextualizing' it.

The optimistic predictions of the historian Fernand Braudel notwithstanding, the future is unlikely to favour this easy-going attitude to the same extent. The road back is likely to be a long one – taking the amount of time needed to realize that the techniques employed are pretty ineffectual – and could become steeper still. This is scarcely surprising, given that, from Taylor to Orwell, the history of the company – and of the world in general – has been dominated by efforts to pin down people's behaviour, or to keep it under control as they say in the world of business.

In order to do this, and regardless of the term used, people resort to various forms of *coercion*, a word unfit for polite conversation. Coercion is the exponential production of procedures or 'processes', reporting systems and indicators (e.g., Key Performance Indicators – KPI) to give the most familiar examples. The trouble comes when the system takes the bit between its teeth, with each level of the firm adopting strategies aimed at accentuating this tendency in order to be part of what they see as their organization's 'dominant mode', whether present or future. As we shall see, though, the cure is worse than the disease, and thanks to – or above all because of – managers' herd instinct, companies are descending into a lose-lose situation with their employees of all grades. This is because unless these techniques are handled sensibly, they create anxiety, disarray and suffering among those 'subjected' to them.

Instead of 'motivating' employees and inducing them to 'commit' to their company, these techniques fuel withdrawal and rebellion, whether active or passive. The phenomenon has now been clearly identified and analysed.[9] The more the company tries to control employees and put them 'under pressure', the more employees – including those in executive grades – seek refuge in alternative activities such as family life to compensate for the harshness of the world of work.

Better still: so contradictory are the elements of this crazy welter of processes, reporting systems and indicators that they end up carving out new areas of freedom for these employees, leaving actors free to decide which to apply and which to ignore. In a way, as we shall see, companies that fail to curb this proliferation sometimes give the impression of falling into the worst excesses of government administrations down the ages in the belief that one can predict and control what the different actors do by issuing rules, here in the generic sense. In the case of the civil service, the idea is to treat all citizens equally (the bedrock of our democracies)[10] and, in business organizations, to exercise control over their own functioning. We know how that works in the civil service, which ought to serve as a warning in the market sector...

Therefore, the aim of this book is to draw companies' attention to the fact that most of them are on the wrong track and to how they can do things differently. To prove this, we need to take a 'trip' inside these companies not as a tourist, but as an observer able to rise above 'ordinary knowledge', whose limitations are now clear. This journey takes us through 20 or so 'cases', each a veritable expedition into the world of the company. These cases grow out of a series of expert appraisals I have conducted in organizations of all kinds over the past five years. Needless to say, these slices of daily life in organizations and individual cases are reported anonymously. The places and sometimes even the sectors of activity have been altered. There are two reasons for this: first, I have taken a kind of oath of professional secrecy vis-à-vis these companies, and indeed I have signed a 'confidentiality agreement' with some of them; second, I have guaranteed total anonymity to the 800 or so people interviewed (who I wish to thank warmly) in the course of these expert appraisals. To make the account of these expeditions livelier and more telling, I have included excerpts from these interviews. To be clear, these interview excerpts serve to *illustrate* my analysis. They are not the analysis itself. To ignore that would be to confuse facts with anecdotes – precisely what is wrong with 'ordinary knowledge'. Even where cases are cited to illustrate a precise point, they need to be taken as a whole, and it is the whole that illuminates the parts.

Added to this is the fact that the reality we are about to explore is diverse and varied. The world of work is not a world in black and white. It is often contradictory and is always full of contrasts. This is why, inside a single company, we can find some of those famous 'pockets of under-working' alongside areas of 'over-working', which sometimes proves to be a breeding ground for psycho-social disaster. Consequently, the life of these organizations does not lend itself to ideological interpretation, at least not through our prism, that of micro-sociology. On the contrary, ideology, and the ideology of management-speak in particular, conceals reality; to use a once popular expression, it stops us from 'listening'. In contrast, the prime aim of this book is to listen to organizations and to those who work in them. Thus, I intend to report everything I have seen, which is not to say I have seen everything, of course. I merely hope that the spectacles I have used, those of the sociology of organizations, will help me to avoid distorting the worlds I have observed, some of which are quite surprising. One final note: in practically all of the cases I have studied, companies have called me in only when something has 'gone wrong'. The days when sociologists were invited to come and conduct a survey 'just to see what's going on' are long gone. An immediate consequence of this is that these case studies are far more likely to reveal problems (which is what the client wants) than to paint a trouble-free picture of life in the workplace. That is how these things work. Nevertheless, in the final section of the book, I take a look at how organizations that have managed to 'do things differently' function, anticipating rather than being subjected to the changing world in which they operate. This means that the book will at least end on a 'positive' note, as they say in management-speak, no doubt to ward off the evil eye.

Part I

How Companies Lost their Grip (1): 'Managerial Sloth' and its Consequences

1
We Have Let Work 'Slip'

A word on this notion of 'managerial sloth', to begin with, since it may give the impression that yesterday's people were less courageous or less aware when it came to managing organizations than those of today. This is obviously not so. Quite simply, each generation of managers works in a very different set of economic circumstances from the previous one, and this largely explains the choices they make. To make a comparison: in the 1970s, there weren't feckless governments on the one hand and virtuous ones on the other hand – they all faced tough constraints and adapted their policies in consequence. Day-to-day judgements on those policies were either polemics or *ex post* analyses of their consequences.

Managerial practice obeys the same logic. When the context or circumstances allow, practice adapts and, depending on the nature of the firm (public or private), it will focus more, first, on seeking to reduce situations of conflict within the organization than on maximizing gains. This is understandable insofar as, in our countries, the former (reducing conflict situations) is regarded as the condition for the latter (maximizing gains). Peace on the labour front and 'avoiding making waves' are the twin wellsprings of economic development in times of growth.

This is why organizations concentrated on developing their *endogenous* character, sometimes to a very high degree, for as long as possible (until some time during the 1980s). What this means is that, consciously or unconsciously, the first priority in building the organization, i.e., in the way people were expected to work, was to focus on solving its own internal problems – technical or human – as opposed to its environment, particularly its clients or 'users'.

We instantly understand that government departments are 'inherently' endogenous, insofar as the rules and principles by which they operate, especially in managing their personnel, are designed to protect their members first and foremost, rather than to 'serve' their relevant environment. There is no point in citing here the abundant literature or the many examples illustrating the subject. One has merely to read the reports of the French State Audit Court (*Cour de Comptes*), the only institution few in France would question when it raises these issues, to grasp the scale of the problem. If that is not enough, take a look at the mechanisms for the allocation of human resources in the French Ministry of Education or the police. A prime minister once suggested adapting police working hours to those of delinquents. He understood how endogenous these organizations are.

Externalities

Intimately bound up with this first notion is a second one, that of 'externalities', which I have developed with my colleague Jean-Claude Thoenig.[1] It encapsulates the simple observation that the actors in an organization (or 'system') are more likely to resolve possible divergences of interests if they can 'externalize' (or push) the cost on to their environment, i.e., the client or user, once again. Actors in government departments, for example, politicians, senior civil servants, lower grade staff and the unions, have a better chance of reaching agreement on working conditions and procedures if they can externalize or transfer the costs of their arrangement to the wider community via taxation or their monopoly position. Conversely – and this brings us back to the notion of context – this agreement is at risk of collapsing should public funds dry up, when markets open up or, more recently, when the rating agencies start raising their eyebrows.

Let's take a closer look at how these two notions of endogeny and externalities work in practice.

In the first place, people are not required to do much real work, and so labour productivity is low. The title of a recent French bestseller, which caused something of a scandal – *Hello Laziness*[2] – is deceptive since, taken at face value, it ascribes the responsibility for unproductive work to the actors themselves, even suggesting that