



Meeting the challenges of the 21st century requires organisational wisdom - how is the people management/organisational development profession responding to this?

(extract from research proposal)

Context

I believe passionately in the importance of work to our lives and have long held close the formula provided by the psychologist Erik Erikson (1950) reportedly reflecting Freud's view of what is most critical for our psychological health - 'love and work'.

In the early part of the 21st century the challenges facing society are very much connected to our 'work organisations'. The institutions we work for strongly impact both our personal life experiences and also the way of life of our communities and society.

Recent crises and scandals have brought into sharp relief the powerful impact of our work organisations on macro-level issues as we have watched a trail of stories covering our major institutions – Parliamentary expenses, phone hacking by newspapers, scandals at the BBC, the condemnation of police behaviour following the Hillsborough disaster. We have also been unsettled by the links between global economic stability and the way we run our banking organisations. These crises have raised big questions about the ethics and integrity – of organisations and individual workers.

Looking to the future it is through our 'work organisations' that we respond to major social shifts – for example as we seek to develop health and social care systems which can cope with an ageing population and infinite demands for health services. The future of our environment and climate change is strongly linked to production methods, how we build and run a vast range of public and private services. We need innovations in the way we do things which do not threaten the survival of future generations. This raises big questions about sustainability.

There is much focus on the happiness and well-being agenda at governmental level at the present time. In April 2012 a meeting at the UN Headquarters in New York focused on 'Happiness and Well-being: Defining a New Economic Paradigm' with attention to measures of well-being beyond traditional economic ones (GDP etc). A policy evidence review by the New Economics Foundation

(2012) demonstrates important links between work and well-being – and particularly the negative impact of unemployment.

Our work organisations also reflect the widening gap between rich and poor and the ‘haves and have nots’ in society. There is widespread concern about the wide pay disparities opening up between those at the top and bottom of our organisations. This raises big questions about fairness at the heart of our organisational life.

All of these issues demand that our organisations reflect and respond. I believe that the healthy functionality of our ‘work organisations’ is critical to us all. It is perhaps surprising that there is not more public debate about the influence of our workplaces on our overall societal/community wellbeing. Addressing these challenges requires **wisdom** and a focus on issues well-beyond the organisation.

The evolution of HRM

At the end of the last century the people management/OD profession largely adopted a ‘mainstream’ human resource management (HRM) model which focussed heavily on a contribution to organisational performance. It evolved from a period of industrial relations strife through the 1970s and 1980s and the sense of a failure in organisations to make best use of the people - or human *resource*. The shift of emphasis was on seeking to better align the people in the organisation to achieve higher levels of performance. This resulted in the search for a ‘black box’ of interventions which would deliver high performance – and the much debated mix of ‘hard’ (resource/performance management oriented) and ‘soft’ (human/personal development oriented) practices. As HRM has evolved over the last twenty years – and in parallel with wider business developments in areas such as Corporate Social Responsibility (CSR), the triple bottom line, the balanced scorecard and stakeholder theories - more attention has been paid to the employee ‘voice’, engagement and the importance of enabling people to feel involved and find meaning and purpose through work (although the profession has tended to be wary of returning to its traditional welfare tradition). However these developments have not really challenged the primacy of the performance focus. Across the summary of the 59 workshops, speeches and masterclasses at this year’s CIPD conference there are relatively few references to organisational ethics, fairness, well-being or sustainability. The two sessions which seem to have the closest links both have a strong performance mindset ‘Creating a Happy workforce that can Deliver More with Fewer Resources’ and ‘Building Trust in your Organisation to Enhance Productivity’. These sound typically instrumental. Indeed the HR profession has sought a strategic voice by conforming to the dominant financial and performance language of our business age and has sought desperately to demonstrate its value, making use ever stronger use of economic ‘asset’ language - from human resource to human capital.

I do not set out to condemn this mindset – and recognise the necessity of attention to performance. However I want to explore whether the primacy of this focus is inadequate for challenges of our age. Does the debate around the contribution of the people management/OD practitioner to organisational performance need to be challenged? Is it not more important in our current age to scrutinise the profession against the CIPD’s mission statement ‘to uphold the highest ideals in the management and development of people’? (though how and by whom these ideals are shaped may be prove highly contestable).

I wish to explore whether there is a neglected 'higher order' priority for the focus of the people management/organisational development 'professional' which is her/his contribution to developing and applying organisational **wisdom**.

Exploring wisdom

The question of what constitutes wisdom is one which has been debated since classical times. Plato and Socrates equated philosophy with wisdom – the deep questioning of life. Socrates famously stated in Plato's Apology that 'the unexamined life is not worth living for human beings'.

Organisational wisdom has not been a widely debated topic on business curriculae over recent decades and does not feature significantly in HR literature at the beginning of the 21st century. Indeed it is a difficult concept to pin down – particularly in our post-modernist age.

There are examples of UK business schools paying attention to wisdom for example Cass Business School's Centre for Complexity, Conversation and Change ran a workshop in 2008 entitled 'Can a Corporation be Wise? Leaders, Relationships and Wisdom'. More typically research work on wisdom focuses on the individual and a psychological perspective as demonstrated in Sternberg and Jordan's 'A Handbook of Wisdom'. But as James Birren and Laurel Fisher (1990) state 'wisdom is not simply for wise people or curious psychologists; it is for all people and the future of the world'.

Whilst not using the term 'wisdom' Kenneth Goodpaster (2007) develops a compelling argument around the importance of organisational 'conscience' and ethics as a defence against the dangers of what he terms 'teleopathy or the unbalanced pursuit of purpose' (the performance mindset?) which he illustrates in relation to examples such as the collapse of Enron/Arthur Andersen, the Challenger space shuttle disaster and the more personal example of Everest summiting mountaineers walking past dying climbers. Goodpaster describes conscience as 'moral insight' – linking back to the 'Golden Rule' which he describes as the 'the oldest and most widely shared ethical precept known to us. The moral insight is about reciprocity between self-love and love of 'one's neighbour' (or more generally one's 'stakeholders').'

The US Good Work project again does not use the term 'wisdom' but in exploring what makes for work that is good Gardner, Csikszentmihalyi and Damon (2001) refer to 'work of expert quality that benefits the wider society'. In this they echo Goodpaster's attention to the 'other' of the Golden Rule. Considering the raison d'être of a 'profession' Gardner sees this as moving beyond expertise and knowledge to serving 'responsibly, selflessly and wisely'.

These approaches take us well beyond a focus on organisational performance to a much wider contribution to the world.

Exploring the people management profession in relation to wisdom

For the last 30 years questioning of the fundamental 'ethical' base of HRM itself has been fairly limited within the practitioner community – though more evident in some parts of the academic community. In professional practice there continues a prevailing 'mainstream' unitarist and positivist model – which assumes that by following a set of practices ('best practice' or 'best fit' depending on the degree of cultural individualism) organisations will perform more effectively. And that this is in the interest of employer - and therefore employee . Michelle Greenwood's review of

ethics and HRM draws attention to a concern that 'The sorts of questions asked in HRM research tend to reinforce the status quo rather than question it'. This is echoed by Diane Winstanley and Jean Woodall who comment that 'On the whole ethical debates have been of marginal significance to the unfolding academic debates around HRM'.

Friedman's (1962) argument that 'the business of business is business' has been the underlying mindset as HR functions have played key roles in managing the often negative human consequences of restructuring, downsizing, outsourcing and delayering. Concepts such as 'the war for talent' have put the emphasis - in macho language - on differentiation and competition. Leadership development has focussed more on performance delivery than on ethical understanding.

Harvard academic Howard Gardner (2011) leads the Good Work Project which challenges Friedman's position and puts the three concepts of excellence, engagement and ethics at the heart of the discussion. As he defines it: 'Good work is good in the excellent, technical sense; the worker knows his stuff, is highly skilled, and keeps up with the latest knowledge and techniques. Good work is good in the phenomenal sense; it feels good, feels right, is personally engaging, yields experience of flow. Finally, good work is good in a moral sense; it is carried out ethically, in a way that is responsible, and in a way that serves the wider good, even (indeed perhaps especially) when it goes against the immediate interests of the worker'.

There may be cause to celebrate the people management function's attention to fairness issues in its procedural practice - recruitment and selection, grading, promotion etc. But in many ways this has simply reflected social attitudes and expectations that organisations adhere to moral and legal standards in relation to equality and diversity, employment disputes, terminations etc.

However there are questions about the role the function has (or has not) played in relation to fairness issues which are not legally prescribed - in particular the emerging pay gap between those at the top and bottom of the organisation and what is rewarded. HR has gone along with the economic consensus which Will Hutton critiques in his book 'Them and Us' which resulted in a world in which: 'Finance and financial considerations should lead everything'. HR typically played a supporting role in the work of remuneration committees which fixed 'CEOs and directors' remuneration so that the sole business focus was increasing the share price..... Thus base pay of CEOs in the FTSE 100 has risen from 47 times an average worker's salary in 2000 to 81 times now, typically with the opportunity for at least a 100% bonus and long-term incentive plan on top'. Perhaps HR Directors were comfortable that this reflected the 'market'. Or perhaps they were not - but lacked the influence to speak out against the prevailing consensus. Either way I believe it is an issue to be explored against the backdrop of the CIPD's 'highest ideals'.

I would like to explore whether/how organisational wisdom and the underpinning issues are being debated and contained within people management/OD practitioner development activity either through business schools or other provision. Following the financial crisis of 2008 Currie, Knights and Starkey reflected that 'Every cloud has a silver lining. There could be no more opportune time to reflect critically on business schools and the education they (we) profess to provide...it is beholden on us to reflect more deeply and critically on the purpose of business school education'. These reflections were aimed primarily at MBA programmes but I believe are equally relevant for HR programmes.

In conclusion at heart this piece of research aims to explore

- The relevance of organisational wisdom as a concept for developing people management/OD practice
- The implications of this for the development of the people management/OD practitioner.

Jane Gaukroger November 2012