Responsible Management: Lipstick or Empowerment?

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Abstract

As with motherhood and apple pie, it is hard to oppose Corporate Social Responsibility, when working with a community of well-meaning people. It is however necessary to challenge the foundations on which CSR is based. It should not be seen as simply an optional extra. CSR needs to be more than skin deep. It must be integral to organisational strategy, and it should empower the workforce. We suggest practical approaches, with implications for how we define capitalism in a changing world. We end by considering UK universities as a case study, and exploring a practical case of multiple empowerment.

Keywords: Action Research, Empowerment, Innovation, Quality, Responsible Management

Introduction

Many accounts of CSR assume a single consistent model of capitalism around the world, based on big business in liberal capitalist economies. Based on that assumption, it is often suggested that capitalism can be given a "human face", as employers adopt programmes and initiatives which go beyond the minimum legal requirements. This approach builds on traditions of optional corporate philanthropy, which continue in the USA and in India. Companies retain autonomy in management decisions.

Without changing the underlying working of the company, cosmetic changes can be made, in order to go beyond the minimum, to enhance perceived attractiveness. Supermarkets can sponsor initiatives with local schools. Banks can sponsor sport. "Lipstick" is to be applied to the "capitalist pig". However, it remains a pig.

Adding a new veneer of public relations covering to the "organisational levée" is futile if the underlying structure is already fatally weakened, and in danger of breaking when a hurricane strikes. Such businesses are not sustainable without redesign and reconstruction.

Denial is all too common: it is more comfortable to assume that all will be well, and to avoid asking difficult questions, which are likely to lead to major financial costs. However, business decision making is weakened and distorted if there are topics which cannot be discussed.

Varieties of Capitalism

This unitary approach to capitalism is now multiply flawed. We can now identify several varieties of capitalism, such as in the European Union or in Scandinavia, where the working of market forces is also underpinned and constrained by distinctive cultural and legislative features. This results in departures from the liberal free market capitalism of the USA and the UK. In emerging markets, such as India, China and Africa, we must expect to encounter further differences.

The European Social Model and the Scandinavian Model exemplify alternative models for economic and social arrangements. When they refer to "Social Responsibility" they give central consideration to employment relationships. Rather than giving full autonomy to managers, they specify partnership relations in the workplace. Such discussions are alien to CSR in the USA, and often in the UK. In consequence, we find discussion of "Corporate Responsibility". CSR is redefined to omit employees. Attractive projects with community partners (such as computers or footballs for schools), or eye-catching environmental initiatives, are seen as safer. They can also usefully distract attention from problematic aspects of the mainstream business.

In European Employment and Social Policy (Bruun and Bercusson 2001), employers have been assigned defined responsibilities to the workforce, and an obligation to work with the Social Partners (trade unions and employers' organisations). It is through engagement in the process of Social Dialogue, at all levels, that working conditions are improved. There can be a role for legislation and regulation if negotiations do not achieve consensus. Reliance is not placed on voluntarism alone.

The Scandinavian Model goes further, with a tradition in each country of seeking consensus and conducting tripartite discussions. There is respect for work and skill, and a commitment to social equity (Ekman et al 2010), meaning that the differences in incomes between rich and poor are less pronounced than in liberal capitalist countries. More equal economic relationships tend to produce benefits in terms of public health, education and community relations (Wilkinson and Pickett 2010). It is recognised that the key to productivity and innovation can be seen in approaches to work organisation, and the ways in which people work together (Ennals and Gustavsen 1999). In other words, many features of what might normally be termed CSR are

embedded in legislation and custom. We can talk of "socially responsible innovation" (Ekman 2010).

Despite increasing globalisation, we should not overlook the varieties of capitalism (Johnsen and Ennals 2012). Companies need to take account of attitudes and legal requirements in each country where they operate.

Responsible Management

It can be a mistake to read too much into discussion of "Responsible Management", based on optional benign conduct, when the culture of management is arguably designed around irresponsibility (Ennals 2014). The law has been used to protect managers. Companies have developed elaborate schemes for outsourcing responsibility, in an environment of limited liability. Managers are typically encouraged to focus their attention on maximising profitability, and minimising external commitments.

This corporate culture cannot easily be overcome through gestures. Rather than simply criticising misleading facades, where responsibility is at best skin deep, here we highlight practical initiatives based on empowerment of workers, not as an optional extra, but as integral to corporate strategy.

These initiatives may involve government as well as companies: both public and private sectors, in mixed economies. In the UK, this can be contrasted with the tendency to privatise many of what have previously been government functions, so that they are now conducted in the private sector, often by contractors who derive economies and profit from reducing pay and pensions for employees. This includes many welfare functions, behind a shield of commercial confidentiality.

Such transitions are often facilitated by arrangements such as the UK Private Finance Initiative, which enables private sector finances to be used for new projects, underpinned behind the scenes by public funds. This enables publicly stated limits on public spending to be circumvented, while greatly increased costs have to be met by ordinary citizens. It would be easy to conclude that governments seek to evade responsibility and accountability when invoking commercial confidentiality for corporate partners.

A further long term consequence is a feeling of impotence by government civil servants, who have come to regard policy as driven by market forces, which they cannot hope to influence (Ennals 1986, 2014). They have often lost sight of the fact that the markets were themselves created by government policy decisions, and could be open to further change.

Recently students have protested against the continuation of courses based on a model of business and economics which was in 2008 shown to be broken, as the financial crisis and depression demonstrated that international financial markets are not self-correcting. They have

argued the case for new courses which take account of the realities of the knowledge economy and knowledge society. Academics have continued to resist such pressures.

Quality as Empowerment

There have been several traditions in the international Quality movement. The American accounts of the Japanese Quality movement (Deming 1982) tend to emphasise Compliance, and the importance of quantitative measurement. This serves to strengthen the hand of management, and builds on Taylorist scientific management. Little was said about the workforce as partners, and less about trade unions.

By contrast, the Japanese account from Ishikawa (Ishikawa 1980), who was concerned with Empowerment, was based on foundations of worker knowledge and experience. At its best in Hoshin Kanri (Hutchins 2008), members of the workforce and management share common objectives, which are developed both in bottom up processes of continuous improvement, and top down implementation of strategy, mediated by well developed dialogue. The Japanese model of Quality Circles was extraordinarily influential in Japanese industry, but enjoyed less success under different brands of capitalism.

Since 1994 Quality Circles approaches have been applied in Education around the world, starting in India, with the foundation of Students' Quality Circles. Circles of students are empowered to work together to solve practical problems related to their work and learning (Chapagain 2013). The Circles are voluntary and self-managing, and create a flow of bottom up improvements (Ennals and Hutchins 2012). Students empowered by such experience are well prepared for work in small businesses, and for teamwork in larger organisations. Their learning involves new relationships with teachers and other students.

Workplace Innovation

It has often been assumed that "innovation" is largely a matter of effective development and deployment of new technology. Broader discussions have concerned product innovation and process innovation. Increasingly attention is being given to workplace innovation, where the workforce is regarded as the key resource. Can the foundations be laid for effective innovation systems, by developing new ways of working and learning?

The Workplace Innovation movement (Fricke and Totterdill 2004; Dhondt and Totterdill 2013), now active in 30 European countries and supported through EUWIN by the European Commission, derives energy and value from the active engagement of the workforce, who are empowered to use their creativity. New patterns of dialogue and collaborative working are deriving benefits from diversity, and drawing on the experience and tacit knowledge of workers. There have been preparatory projects for over 20 years, resulting in well-established international networks, involving trade unions and employers as well as academic researchers.

There is no "one best way", but there is a growing network of successful cases, from which much can be learned. Learning does not come from detached observation, but from active engagement in interventions, drawing on previous research and contributing to future policy discussions.

Skill and Tacit Knowledge

We are obliged to question prevailing models of management, as encouraged in Business Schools, where business is reduced to dispassionate quantitative analysis, and no emphasis is given to domain knowledge. Expert knowledge is typically held by workers with the relevant experience. However, only a proportion of that knowledge can be made explicit, and manipulated with computers. Much more remains tacit. We ignore it at our peril. This realisation has grown in the Swedish nuclear power industry (Berglund 2010, 2014). It is vital for workers to be able to communicate and share knowledge at times of crisis, which means that such arrangements need to be in place in advance. Older workers have accumulated expert knowledge which can be cast aside when they retire.

It is common for managers to be required to operate in areas where they lack experience and expertise, yet they are regarded as "responsible". In both Workplace Innovation and Quality as Empowerment we recognise the vital importance of skill and tacit knowledge (Göranzon et al 2006). We have explored approaches to accessing tacit knowledge through dialogue. We note the apparent obsolescence of many current management practices. We recognise the importance of analogical thinking to complement analytical thinking. It is incoherent to talk of business decisions being made on the basis of considering "all of the evidence". In practice, decisions are made based on partial information. Access to that information is uneven.

Action Research

If managers are to be truly responsible, they will need to learn from the tradition of Action Research. Action Researchers recognise that they are engaged: they cannot claim detachment (Giddens 1984). Managers are part of the problems which they seek to solve. Like medical surgeons, they intervene, take action, and their actions have consequences (Toulmin 2001).

Once engaged in action, managers and researchers can make sense of research and briefings, and learn from differences in previous cases. They need to move beyond merely analytical thinking, and deploy analogical thinking (Göranzon et al 2006), if they are to find their way in unfamiliar territory. This requires a very different approach to social science research, and to business and management education.

Management and Action Research must now be considered together, with management redefined in terms of intervention, and the orchestration of reflection. This will have implications for universities, and for career paths.

The Norwegian Enterprise Development and Working Life (EDWOR) PhD programme brought these previously separate traditions together. Researchers from enterprise development projects across the country, and from overseas (e.g. Turkey and USA) came together quarterly for intensive teaching weeks with international academics, operating as a "flying circus", located in different bases. This was advanced higher education without institutional walls, in which students learned from engagement in individual and group interventions. Seven years after the first PhD completions, the collaborative culture continues, spanning rival research groups.

The Knowledge Business

These discussions come together when we consider practical cases in which we are directly involved. Many active researchers in CSR are based in universities. They are part of the knowledge business.

In universities, and in particular in Business Schools, we may have lost sight of the radically changed business context in which we operate. There are real challenges for Responsible Management. In the UK, my former university, Kingston, is legally designated a Higher Education Corporation. In 1992 the government undertook a form of privatisation in which they regarded themselves as no longer responsible for maintaining the financial viability of universities. Universities became subject to market forces, complicated by changing regulations and targets set by government, and competing for scarce government research funding. There was a time lag before the implications of this regime change became evident. Government withdrew funding for most university teaching, and replaced the shortfall by requiring new much higher tuition fees to be paid by students.

For the most prestigious universities, this has been an opportunity to seek to charge still higher fees, and to assert traditional academic excellence. For the weakest universities and colleges, there has been the option of competing on price, under-cutting higher profile rivals. For those squeezed in the middle, there has been the temptation to engage in cosmetic changes, asserting "Quality" while offering "Mediocrity".

Standing back, we see a more complex picture. UK universities now depend on an influx of overseas students, who can choose where they study. National borders are less important. There are almost as many Chinese as UK postgraduate students. Parents and students are asking whether, with the new tuition fees, the courses are good value. Would it be better to

seek employment, and find ways of learning in the workplace? Previous rhetorical concern for widening participation has quietened.

A further complication is the growth of a new pattern of course delivery, the Massively Open Online Course (MOOC), first pioneered in the USA. In principle MOOCs offer low cost or no-cost assess to leading edge courses taught by outstanding international academics. How can lower prestige universities and colleges hope to compete? Should they simply offer tutorial support? What are the wider implications?

How can this situation be managed responsibly? Universities and colleges must be prepared to re-invent themselves and their courses, to take account of new realities. This presents challenges in terms of CSR, on a number of grounds. The offer to prospective students needs to be honest, and good value for money. The university needs to address the needs of employers as well as students, when offering work-based and work-related courses. Course content and pedagogical methods need to be sustainable.

If we revisit the arguments outlined earlier in this paper, we may find the basis for new, responsible, approaches to higher education in the current competitive context.

In the past, students went to university to gain access to information and knowledge. Now we could argue that there is a danger of being overwhelmed by information, including many contradictions. Students need to learn how to filter and select. It is also apparent that professionals require more than explicit knowledge. If possible, universities should provide the opportunity to learn from experience, and to draw on the tacit knowledge of others.

To be one of a large audience for a MOOC may be less satisfactory than being part of a group who can learn and discuss together, taking personal ownership of a mass broadcast set of material. New pedagogical approaches may become popular.

We could imagine an important role being played by Students' Quality Circles (Ennals and Hutchins 2012; Chapagain 2013), within and across conventional institutions. As they develop confidence in sharing ideas, and developing proposals for improvements, and make competent use of electronic resources, they may become a driving force in higher education, setting the agenda for academics to follow. Such Circles and Networks may drive educational change, Innovation in the Knowledge Workplace.

This scenario of change poses challenges to traditional hierarchies and institutional structures. Some universities and colleges may become financially non-viable. They may have to form new relationships with students and alliances with other institutions. Little of this is evident in marketing communications between universities and prospective students. We see more focus on cosmetic adjustments, with appeals to aspiration to academic status. University senior managers are saying little about empowering knowledge workers, whether academics or

students. Such talk would take them into a new and unknown world, with unfamiliar power relationships.

As with the Titanic, we may expect little change of course before the encounter with the iceberg. When the ship goes down, it will be a rapid process. It will become apparent that we were not "all in it together". In the mean time, we are encouraged to enjoy the illusion of stability and comfort.

Solar Empowerment

To complement those who are privileged to be in the knowledge business, we find millions who are in need of basic empowerment, if they are to engage in the global economy and knowledge society.

In an unequal world, large parts of developing countries lack access to a reliable fixed infrastructure of power supplies. This denies them the benefits of several generations of technology, and serves to perpetuate the gap between rich and poor. On the other hand, it may offer an opportunity to follow a different technology trajectory, leapfrogging intermediate stages. Such a development can be revolutionary. A recent example of leapfrogging has been the jump from no telephony to mobile telephony, without transiting through copper cables everywhere. It has been revolutionary in the sense that it has brought a great deal of change to people's lives in a short time.

The case with solar technology is different. It does not at present represent an alternative to centralised power generation and electricity transmission lines. Low cost technology is now available to use solar energy to power many electrical devices, and to enable other devices to be powered or recharged (Cameron 2014). A new community-based infrastructure can be developed on a local basis, bottom-up, and sustainably. This requires painstaking experimental interventions, followed by sustainable infrastructure operations. Similar arguments apply to water management technologies, agricultural infrastructure etc. This is the practical side of the United Nations Millennium Development Goals, and successor initiatives.

Successful implementation can depend on changing management decision-making processes, which tend to have emphasised capital investment in technology, rather than ongoing issues of maintenance and support. It is much easier to stage a media event, with photographs typically full of posed smiles, than to enable an ongoing process. Numerous overseas development projects, for example introducing water pumps, have come to a halt because of a minor fault, an absence of local technical knowledge, and a lack of funding for maintenance. Often there has been a lack of local ownership of the change processes, and limited communication between donor and recipient groups.

If the result of an initiative is to be genuine empowerment, rather a cosmetic application of lipstick, then we need to recall the history of socio-technical systems thinking, and the focus on participation. We need to recognise that apparently the same processes can be conducted in very different ways according to cultural context. Research on applying mobile health information systems (Li 2013) showed that in the USA state of the art technology would be used, and reliance on human workers would be limited, while in China it was decided to secure active participation from the local community. They make use of text messaging facilities on early mobile phones, which are widely available. It was also recognised in China that participation in design and decision making are important, together with accommodating to the views of leaders. China is now active in developing infrastructure in East Africa. New networks and partnerships are forming, with increasing local participation.

Conclusion

This research experience suggests that empowerment is not a simple and instant process. Empowerment of individuals is with respect to a given system, which needs to be understood through engagement, and cannot simply be determined from a distance. Responsible management involves creating an environment where others can be empowered, and the organisation can be sustained. This presents challenges to the current generation of managers.

The borders of our world are shifting. As we explore developments in a solar energy company in Kenya, we can envisage implications for partners in Tanzania and Mozambique, as well as in Asia. Freed from reliance on fixed infrastructure at every stage, we can consider hybrid approaches, crossing borders of countries and technologies. Within current organisations and countries, we may need to seek cultural change, so that we can align objectives, benefit from improvements designed at local community level, develop co-ordination strategies, and engage in constructive dialogue. These are the principles of Hoshin Kanri (Hutchins 2008).

Corporate Social Responsibility should not be seen as an optional extra set of activities, designed to attract favourable public attention. Like lipstick, it can be quickly applied, and later removed, as if it had never been there.

It is instead a matter of Responsible Management being a reflexive characteristic of an approach to management which is always seeking to improve, and with a perspective which goes beyond managers themselves. Responsible Management requires engagement in action, which offers the opportunity for learning from differences. Impressions from past research and experience are given fresh meaning in action, which in turn provokes responses from others.

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*Richard's latest book **Responsible Management: Corporate Responsibility and Working Life** is available from Springer.*

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