

# The Future of Identity

*The events and characters in this account are purely fictional. Any resemblance with real characters and real events is purely coincidental.*

## Introduction

*The iconoclast is one who breaks or destroys the images of veneration - images which are used to communicate shared meaning. We need a new word for the times we face today: **iconochasm** - the lack of any image of veneration through which we might aspire to such ends. How do we approach this iconochasm? And how are our leaders to approach it? Where are the Visions and the Big Ideas to be followed?*

*We seem to be living in a time when privatisation is all the rage - rolling back the state, creating internal markets and making space for free enterprise - in order that we can practice self determination. But although this process of 'privatisation' may be a necessary condition, is it a sufficient one? Can we be self-determining? Do we have freedom of opportunity, and do we know what to do with it?*

*Historically we had our institutions which we knew we could depend on. Now we appear not only to have to negotiate our own relation to these institutions; we also appear to have developed a very considerable cynicism as to whether they can be dependable at all. Can our institutions ever be the same again? We are faced with a world in which we are being thrown back on our own resources: the world appears to be no more than what we make of it. If our sense of identity has depended on the roles created for us by institutions, where are we to look if we lose these? This is the question of the future of identity.*

*I have used characters in what follows as a way of presenting this challenge to us. In this case it is a multi-Divisional business trying to be more strategic. It faces changes in technology, globalisation of competition, increasing sophistication in its customers, growing demands to find new ways of adding value, etc, etc. Each of the characters face this challenge in a different way:*

**Chief Executive (CEO)** - How do I maintain the pace and direction of development of the Group as a whole while encouraging diversity, innovation and leadership amongst my Divisions?

**Director of Planning (DoP)** - How am I to ensure coherence and consistency in Divisional plans, how am I to know enough to contribute to their own processes, and how am I to ensure that their activities add up to more than the sum of their parts?

**Director of Human Resources (HRD)** - Our future depends on our people and the skills and competencies they bring to bear on the business. How am I to develop them, above all enabling them to be developmental in the way they themselves manage the business?

**Managing Director (MD)** - I have the job of running one of the Divisions at a time when it is facing some major challenges. How do I get the job done and deal with this lot at the same time?

## Am I the Cause or the Symptom?

*[The CEO had been conducting strategy reviews with the Managing Directors of the Divisions. The MD's had been presenting issues arising from a critical examination of the way their strategies had emerged from the interactions between themselves, the Centre, and the role of external consultants introduced by the CEO.]*

CEO *[speaking to the HRD after one of the reviews]* It seems to me that they are challenging my role as CEO. They are saying that the corporate framework and terms of reference within which they have been working have not been clear enough for them; and that my own interventions, whether directly or indirectly through the use of external consultants, have either complicated things or distracted them. Either way it would appear that, for them, I am the cause of any shortcomings in their strategic performance.....

HRD I agree with you. It does appear as if they are expecting you to define a clear context within which they can work. But if you look closely at the issues they have been presenting, they have also been saying that the market, technology and competitive environments in which they are competing have been changing rapidly and in ways which are making life ever more complicated for them. So they are also saying that things are far from clear for them.....

CEO .... yes, but they seem to think that rather than pointing out to them the things which are not clear, I should be making things clearer. As their leader I should be reducing the complexity of the issues they face - not increasing it by asking awkward questions. But I don't see how I could possibly be doing that in today's competitive environment. How can I know more than them?

Do you think I've got the wrong people running the Divisions? Why don't they work with me instead of against me? I don't believe that by changing me their problems would go away. Why do I feel that I am being put in the position of needing to know better than them what is in the long term interests of their businesses? I thought the whole point of the critical examinations the Divisions have been doing was to improve the quality of the

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dialogue between the Centre and them. But we seem to be more polarised than ever.

*[The HRD had argued strongly for the need for an initiative which could critically examine the Divisions' processes for developing strategy. He felt the initiative was appearing to foment resistance to Group authority... and his CEO was notorious for wanting to get things done.]*

HRD I think the differences of position and the differences of language are much clearer than they ever were before - the quality of the dialogue amongst us is better than it has ever been before. Do you remember the summary of the paper by Charles Handy<sup>1</sup> which I sent you? I think that describes the current position you are in very well.

*[The CEO gets up and walks over to his desk and picks up the paper. In it, Handy argues that as organisations seek to improve their performance continuously, and to find new ways of adding value, they are faced with the fact that people are their main asset. As people professionalise their own careers in ways which enhance their own self-respect and autonomy, they demand more and more recognition from the organisation in their own right. This amplifies the competitive pressure experienced in terms of three paradoxes: firstly, organisations need to be both big and small at the same time - big to get economies of scale, small to create flexibility and responsiveness; secondly, organisations need free and open markets to operate in, and yet in the interests of efficiency they need to exercise as much control as possible over their operations. Thirdly, organisations are based on the principles of ownership, and yet more and more business has to be done on the basis of alliances with 'third parties'.*

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<sup>1</sup> Balancing Corporate Power: a new federalist paper. Harvard Business Review Vol 70 No 6 Nov-Dec 1992 pp59-72

*The "federalism" Handy talks about in the paper is seen as a response to these pressures. Organisations that think of their people as role occupants are not thinking federally.]*

CEO I read the paper. I thought it was interesting. He develops five implications from his paradoxes, and if I look at the five points he makes, we are doing something on each count:

- (i) I think I've earned my authority over the people in the Divisions - I have as much experience as anyone in this industry, and the performance of this Group is amongst the best.
- (ii) People sign their own work in this business - I positively encourage people to come up with their own ideas and put them forward, and I acknowledge them when they do so.
- (iii) People are encouraged to develop the business beyond the limits of their current work - I give them autonomy.
- (iv) We have twin hierarchies - employees owe their loyalty both to their Divisions and to the Group as a whole. And finally,
- (v) we have incentive schemes which mean that what is good for them is what is good for the corporation.

Is that what you mean when you say that it describes my current position very well?

HRD Not entirely. I agree with your summary as far as it goes, but I don't think it addresses the central point in Handy's article which his paradoxes highlight - the question of power. The point is that you are the ultimate source of authority in determining how all those 5 points are being addressed. The paradoxes which Handy identifies all hinge around how power is exercised in organisations, and the extent to which it is not wholly based on the power and control vested with the Centre.

Thus his principle of subsidiarity involves placing power at the lowest levels possible in the organisation; his emphasis on interdependence is to maximise the amount of horizontal linkages in the business through which problems can be resolved without having to come up the hierarchy; his idea of common law, language and currency are based on consent rather than fiat; separation of powers means that there are separate processes for management, control and creating consensus about what the business should

be doing; and twin citizenship means that both Divisions and the Group have rights to exist - distinct identities - not that one is subordinated to the other.

On that basis I think you might agree that there were many instances raised by the Managing Directors of the Divisions where they felt we approached strategic issues in ways which fell somewhat short of Handy's principles.

CEO I take your point. You think they are challenging my role as CEO.

HRD Well yes and no. Yes, it sounds as if the MD's are blaming you for not making things clear. But there is another way of understanding all this. You know that expression "you get the leaders you deserve"....?

The "No" is that instead of seeing you as the cause of the problem around how power and authority is exercised, we need to understand the way you feel able to work as being *symptomatic* - symptomatic of the kinds of assumptions your MD's are making about how power and authority should be exercised.

CEO Interesting. Does that mean it is they who I should be changing? We can't go on hoping that things will change, and it is not clear to me what more I should be doing as Chief Executive to change the kinds of assumptions they are making - that was the whole point of the strategy reviews.

Let's ask the Director of Planning what he thinks.

*[The Director of Planning had been sitting listening silently to the conversation so far. He had only recently become Director of Planning, and had conducted the review of the strategy processes and the current use of consultants within the Group. He had thought that he would be able to get agreement over what the frameworks were within which strategy was formulated. When he heard the HRD talking about the need for separation of powers, it had occurred to him that there was no effective separation of powers, and that there was no process for establishing consensus around those frameworks, other than by reference to the CEO and those consultants he favoured.]*

## The CEO's two bodies

DoP We certainly asked the Divisions to question the assumptions they were making in how they approached strategy. I wonder if a historical perspective might not help here. In medieval times, there was no doubt who set the framework within which others worked - it was the King. I came across this quote the other day - a judgment made by the crown lawyers in the time of Queen Elizabeth I:

"For the King has in him two Bodies.... His Body natural ... is a Body mortal.... But his Body politic is a Body that cannot be seen or handled, consisting of Policy and Government, and constituted for the Direction of the People.... and this Body is utterly void of ..... natural Defects .... which the Body natural is subject to, and for this Cause, what the King does in his Body politic, cannot be invalidated or frustrated by any Disability in his natural Body"

*[The DoP was well known for his predilection for quoting historical passages, and the thought that he could open up a dialogue with the CEO about which of his Bodies was speaking appealed to him.]*

I think the HRD is suggesting that the current problems we are facing are somehow symptomatic of a problem of governance. If we see this as the problem of the Body politic, then seeing you or them as the problem is only to address the problem in terms of natural Bodies. The difficulty we have is in understanding what 'the Body politic' means in this context.

CEO Interesting. I'd never seen that parallel before. Can you say more?

DoP Yes. I think a business develops its own characteristic ways of going about its work. He *[referring to the HRD]* would think of these 'characteristic ways' as cultures - "the way things are done around here" - in which it is *as if* people's behaviour is being governed by a set of unwritten laws, agreements and attitudes. This notion of 'culture' is the Body politic. Even though people come and go, it - the culture - lives on.

After all, we are used to caricaturing the cultural norms surrounding an IBM or an ICI man. Why not look at ourselves in the same way? Even though the content of work and even the issues being addressed by our Divisions change

over time, they still seem to repeat themselves - just as the IBMer still acts as if IBM defines the market, and the man from ICI still acts as if the business enjoys colonial rights. It makes sense to speak of the Divisions as if they had an existence of their own characterised by their 'culture', which is independent of their people.

CEO I see what you mean, although you have shifted from there being one Body politic to there being several - one for each Division for starters. But certainly I would agree with you that each Division seems to have a life of its own. That's why I prefer to deal with each of them on a one-to-one basis - they are all so different.

DoP Quite. And I will come back to the question of how many Bodies we are dealing with. But if I can just develop the line of argument a bit further.

A business has no absolute or divine right to existence - it is just an invention. The debate about strategy is therefore ultimately a debate about how the business should invent itself. The individuals working in businesses, however, come to depend on them as a support for their own sense of identity. Thus a business becomes a defence against anxiety for those individuals, insofar as they see it as providing them with guarantees for their own working identities. As a result, the culture of the business becomes bound up with individuals' own identities, and local cultures come to reflect local identities. So in calling the culture of a business into question in the interests of strategy, you are also calling into question the identities of the individuals working in that business.

HRD *[speaking to the DoP]* So now we have a Body politic and *subjects* - people whose personal strategies are bound up with their understanding of the culture they have chosen to work in. This is interesting, because it seems to me that you are supporting the underlying point in Handy's paper - he sees this trend towards having to respect and value local identities as growing stronger all the time.

DoP Yes. Federalism is a way of 'capitalising' on this trend.

HRD The alternative is 'change programmes', but as we have just heard from the Divisions, these don't work. My experience of 'managing' a change process is that you inevitably encounter *resistance*. To the 'manager' of the change

process, resistance can be described as a refusal to accept the logic of the changes being made to the culture. But resistance is also a conservation of another culture by the individuals resisting - a local culture.

From this point of view, a 'managed' change process approaches change as if censorship and 're-education' changes people, but, of course, such an approach also masks another culture - one with the power to command obedience. If we identify the 'managed' change process with the King in your parallel - with being top-down - then in effect we are setting one Body politic - the King's - against other Bodies politic - the Divisions'.

DoP Yes, I think your view of top-down is right....

CEO But if I am neither to use my power to command obedience, nor to use superior logic to command obedience, on what basis are these cultures to be 're-negotiated' and resistances overcome? If I as King am not to say what goes, who is? On the one hand you are suggesting that there needs to be some kind of process of negotiation of identities, in which some alliance of shared interests and investments must be constructed and maintained. But on the other hand, we all know that there are real choices the Group must make about how it is to compete in relation to its competitors and customers if it is to exist at all - aren't we fiddling while Rome burns by trying to negotiate instead of facing up to the real choices? Don't we need to do something?

HRD [*cutting across the DoP who was still trying to get back to his line of argument*] Well do we? Certainly we all agree that real changes are needed. But what are they? How are we to agree that? If we try and say, then we run into big problems of implementation. We can spend more and use consultants to help us carry through the implementation. But even then we can't be sure that the 'transplant' will 'take' in the existing cultures. We may be facing a question of less haste and more speed. One way or another we have to face the problem of culture - of the Bodies politic.

## ***Govern-mentalities***

DoP Well I seem to have provoked something here. Perhaps you are thinking of Charles I and what happened to his head. I think history can still give us some help here in thinking through what the King should do.

The problems of governance by the Body politic always involved three different kinds of interest - the reasons of State, the interests of the family, and the rights of the subject. Except that nowadays, the interests of the family have become the interests of the economy. According to the historians, as long as the King had Divine Right and Wealth on his side, he could command obedience in the interests of the State which were taken to be coincident with the interests of his Territories. Machiavelli's The Prince was the work which showed the logic of this form of *sovereign* governance most clearly. You've certainly got that haven't you?

Only when the Law-making process was separated from the King's person did a second *juridical* form of governance begin to emerge. In our country, the establishment of Parliament represents this moment. The Body politic came to be represented by the Body of Laws through which the country was governed, and as the levels of trade and commerce grew between families, so the modern economy began to emerge, and with it the necessity to reflect the interests of the economy as much as the reasons of State in legislation - to the point where we are now considering giving up "sovereignty" - absolute power in the interests of the State - in return for securing economic benefit from the European Economic Community. Modern Government then is based on the juridical form. This would be what you had if the Group Executive was more powerful than you were.

CEO Is this your argument that we should have control of the frameworks within which strategy is formulated - or at least that there should be agreement over what those frameworks should be. I agree with that, and in a sense we have had it through the way we have used external consultants. But it doesn't go far enough. We could never move fast enough if we got bogged down in some corporate planning process.

DoP Yes, I agree, although we do need a more explicit process for agreeing the strategic frameworks within which we are to work. But there is a third form of governance which brings us up to the present day - *performative*<sup>2</sup> governance - which I think relates directly to our current situation. Whereas *juridical* forms of governance applies the same rule to all, *performative* governance involves targeting benefits and interpreting Laws in ways which apply to the particular needs of the subject. It is this trend which we now see driving the processes of privatisation and establishing the customer as King. It is my view that we are now living through another sea-change in the forms of governance.

*[The DoP had been reading a lecture given by Foucault in 1978 on "Governmentality". It had been this which had sent him back down the historical path. In it, Foucault had argued that once the Law had been separated from the King, a form of juridical governance had emerged which had evolved from being dominated by the interests of the State to being dominated by the interests of economics - the Welfare State. Now, however, this was beginning to break down as judgments made under the Law were having to be modified by the particular circumstances of subjects. Thus magistrates were having to refer to 'assessments' to decide how the Law was to be interpreted in each case, and the different forms of Welfare were having to be targeted where before they had always been Universal benefits.*

*The DoP had called this third form of governance "performative" because its justification rested ultimately on its performance for and on the subject. In effect the emphasis was now shifting to the third aspect of governance - the subject. He saw a direct parallel*

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<sup>2</sup>J.L Austin originally developed the notion of the performative utterance in the William James Lectures at Harvard University in 1955. How to do things with words OUP 1962. Jean-Francois Lyotard develops it further in The Postmodern Condition: A Report on Knowledge Manchester University Press 1984.

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*between this and the shift from corporate approaches towards federal approaches.]*

The point I am trying to make is that we have to do more than establish common frameworks. We have to make them responsive to the customers the frameworks were put there to serve. The characteristic forms of strategy associated with a juridical form of governance are *positional* - doing as little as possible for the customer without jeopardising the business. The characteristic of the strategies formed under performative governance however are *relational* - we have to do as much as possible for the customer without jeopardising the business. That is where all these 'Quality' initiatives come in, and is the challenge that we are trying to meet, and that you are challenging the Divisions to meet. The reason I went back to the history books is because it didn't seem to be working.

### **Relational strategy**

CEO So let me see if I have understood what you are saying. I was listening to Coralie Palmer speaking about the organisation of the private sector on the one hand as meeting *wants* and not *needs* - needs such as mobility, health, and education. She was arguing on the other hand that public sector organisations should meet needs, which she considered to be the right of the citizen by virtue of membership of the state. Thus, while the public sector had structural lessons to learn from the private sector about how to organise its activities, the private sector equally had much to learn from the public sector about *equity* - social justice around the rights of citizens, a fourth 'E' to be set alongside the requirements of the other 3 E's of economy, efficiency and effectiveness. Her view was that the underlying imperative for this Equity in the way work was organised was another need: the need for organisations to incorporate and serve the interests of the wider community.

So would I be right in saying that Coralie was characterising the private sector as being positional, and the public sector as relational?

DoP Yes, and the irony is that privatisation is the right thing to be doing, but it is being done for the wrong reasons. The right thing because we can no longer afford equity at any price, and by forcing a separation of powers between service provider and the executive branches of Government, there

have to be explicit processes of regulation and direction. The wrong reasons, because there is no evidence that privatisation will result in anything more than an explicit *positional* strategy based on *juridical* forms of governance. Look at British Telecom, or the Energy Sector.

CEO Okay. So lets agree that my Divisions are trying to solve their problems by being positional and asking for a more juridical approach from the Centre, and I am trying to get my Divisions to be more relational. Is the implication you are drawing that I come over as being sovereign when I do that? So while the Divisions are asking for frameworks, they are also resisting, and we are getting into this vicious circle in which nothing actually happens.

DoP Well, yes. I think that's about right...

CEO So what do I have to do to come over as relational?

HRD [*speaking to the CEO*] That's where we started this discussion about whether you were the cause or a symptom. Relational strategies are associated with performative forms of governance. That means that those cultures must be able to question themselves. The difficulty is that the more you try and raise questions for them, the more you are perceived as the one questioning them. So the answer is paradoxical. You have to get them to question themselves.

The difficulty about doing this is that in getting them to question themselves, you are asking them to question their ways of dealing with anxiety - and the way the Divisions currently 'deal with' this anxiety is reflected in their demands for clear frameworks and context.

CEO So although most people would agree with the need in principle for business to be relational, the way people deal with their anxiety is what in practice makes it so difficult to achieve. You really do think that people get the leaders they deserve! If we take political and religious organisation to be particularly concerned with questions of equity, it is precisely these organisations which reflect so many of our irreconcilable differences. Look at what is happening in the Balkans - or in Northern Ireland.

DoP You said it when you said "irreconcilable differences". In the sovereign approach, you have to sort it out - make the decision - for them. In the

juridical approach, a new law is passed aimed at defining the dilemma out of existence by agreeing to ignore one end or other of it - for them. But in the performative approach, the dilemma is dealt with directly by them - by interpreting the laws, and making a judgment in the particular situation.....

HRD ...so that the difficulty in the performative approach is not so much making the judgment - that is assuming you have people prepared to make judgments. The difficulty is them learning from what they did, so that they don't go on re-inventing the wheel, or repeating bad judgments. The key becomes the *learning* process. The performative approach is essentially about learning - their learning. In this sense the juridical approach is just a rather inefficient way of learning because the solutions you are looking for are too general; and the sovereign approach tries to locate all the learning in one place - the CEO.

CEO So again, let me see if I have got this right. What is at stake here is how we are to create new futures through developing new strategies. You are saying that businesses are too complex to do this through one person - the CEO - knowing what is right. You are also saying that corporate approaches based on common frameworks don't work either - your evidence being the very difficulties of implementation. These difficulties you see as resistance.

You are going even further and suggesting that the corporate approach itself only ever worked when individuals were prepared to use it to supplant the legitimacy of their own solutions - the price to be paid by them for suppressing their own anxiety.

In the place of the sovereign and juridical approaches you are proposing something you call "performative" in which a future has to emerge through a 'negotiated' mutuality, so that strategies become like hypotheses - tentatively held for as long as they 'work' for us in enabling us to act together. So the role of the CEO becomes one of pursuing what is particular and singular in the strategies we come to share as a consequence of our working together through our differences? Are you really suggesting *democracy* here - without the big 'D'?

I was going to have dinner with one of my MD's this evening. Why don't you both join us. I think it would be useful to know what he thinks about all this.

## Is the desire of the leader the leadership of desire...?

*[The HRD sat looking at the DoP incredulously.]*

HRD You don't normally talk like that to him. I knew you were into history, but *Foucault*. I expect that sort of thing from Philip Boxer, but not from you - you're the Director of Planning. You're supposed to be juridical if anyone is to be around here!

DoP Well Philip isn't the only one around here who reads strange books by foreigners. Don't forget I used to be a line manager, and I've seen some of the problems these planners create.

HRD Well anyway, you did a good job. The argument for a performative role for the CEO coming from you was so much more believable. If I had said it he would have dismissed it as yet more 'process' stuff. But it is quite a dilemma for him.

DoP I agree. On the one hand he seems quite clear that he can't solve the Divisions' problems for them, so that creating common frameworks is not a solution. On the other hand he seems very reluctant to work with their processes because he is not sure we have the time.

HRD Maybe that's it. Maybe he hasn't found a way of facing his own dilemma. I think that's what we have got to help him do. Let's go back to my office and see if we can't find a way of working this one through.

*[The two of them walk back to the HRD's office, and after getting drinks organised and diverting all calls, they continue...]*

HRD I think the place to start is with his anxiety. I don't mean anxiety in the secondary sense of what will happen tomorrow if... I mean primary anxiety about the very basis of his authority as CEO - by what authority he is to speak. How did he put it: "if I am not to use my power to command obedience, or superior logic, on what basis are these cultures to be 're-negotiated' and resistances overcome?" It is a good question.

### ***The place of anxiety***

I'm thinking of Elliott Jaques' work on creative structures and leadership<sup>3</sup>. Jaques' work is based on individuals' capacity for constructing larger and larger patternings of experience as reflected in their relation to time. Jaques sees organisations as being defined by different levels of task and information complexity which need to be reflected in different levels of capacity of individuals and processes. A failure to do this leads to dysfunctional anxiety and a loss of creativeness. I was listening to Alistair Mant the other day, and he was arguing that the capacity for addressing different levels of complexity is mostly given, determinable from quite young ages. But I am not sure that he is right in asserting that "the best" are few in number. Can this be a reflection itself of a particular cultural bias influencing the way we approach defining "the best". At face value, I would doubt the CEO's capacity, but what strikes me is not that he lacks the capacity, but rather that he hasn't found ways of using different levels of organisation and process through which to work. It's as if he thinks he can solve everything personally - that's what makes everyone see him as 'sovereign' in his approach.

DoP So you think that left to his own devices he can cope with the complexity, but he can't cope with other people coping with it....?

HRD Yes, something like that. He may be able to deal with his own anxiety, but the way he manages makes everyone else anxious, which then comes back to him as a challenge to his own authority. And he doesn't know how to deal with it in that form. Roger Harrison talks about it in terms of barriers to learning - the two he particularly picks out are fear or anxiety, and the bias to action - acting first, and only thinking if action doesn't work. It seems to me that the CEO can make a lot of sense himself, but he certainly creates fear, anxiety and a bias to action in the people around him. I mean, look at us now.

DoP Yes, but I'm not sure that this anxiety stuff gets us anywhere, except back to the individual. I like the line Max Boisot takes. He points out that that kind

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<sup>3</sup>A late example of his work is Requisite Organisation: the CEO's guide to Creative Structure and Leadership Cason Hall and Co 1989.



of top-down rationalist process for formulating *intended* strategies is encountering conditions in Europe - civil war, ethnic rivalries, uncontrolled migrations, economic depression, exchange rate chaos - which are leading the intended strategies to be displaced by *emergent* strategies. Major's 'muddling through' in the aftermath of Thatcherism shows this nicely - although it does seem to me to be a bit too much muddling! These rationalist processes are themselves a particular form of social organisation - the juridical form. 'Emergent' strategies, then, are the strategies which an organisation can be said to be following in retrospect. I think emergent strategies are what come from performative approaches. These emergent strategies become most apparent in moments of crisis and chaos precisely when anything becomes possible, and small causes can lead to large effects.

The CEO is into intended strategies. Another way of seeing this is in terms of his approach to competing<sup>4</sup>. The approach he favours is the US approach - competing through *having* a superior strategy, whereas the Japanese approach is to be superior at *implementing* strategy. The CEO leaves implementation to his Divisions, but he doesn't see it as being strategic - he thinks being strategic is coming up with the next superior strategy, if necessary by himself.

HRD I think you are being a bit hard. Look at the way he works with his MD's. Does he object to them coming up with their own ideas? I think not.

I think we have to stay with this notion of anxiety - not in the secondary sense of what is going to happen next, but in the primary sense of how we know who we take ourselves to be. I am sure that is the key to understanding the CEO's dilemma. You were suggesting he should be getting the Divisions to question themselves. Is there something about his way of knowing-what-to-do which we can call into question. After all, he has an instinct for doing that in the way he keeps on challenging the Divisions, even if they do take it as him being sovereign.

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<sup>4</sup>Great Strategy or Great Strategy Implementation - Two Ways of Competing in Global Markets. William G. Egelhoff. Sloan Management Review Winter 1993 pp37-50.

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Let me try another approach. 'Culture' is a general way of referring to 'the way things are done around here'. In saying that the CEO is into intended strategies - the top-down rationalist approach - we are saying that he is accepting a particular kind of logic in his approach to running the business. It is *as if* this logic is structuring the kinds of processes he is prepared to entertain. Or, to put it another way, in taking up a 'role' in this way, he is inserting himself under this logic and in this sense is *subjected* to it....

DoP ... and it makes sense to say that the 'leader' is as much a subject of a logic as anyone else. The difference is that the leader is supposed in some way to embody the logic governing the business....

HRD.... yes. But if subjection means obedience to this logic - that the logic has power - then there must always be something left out or left over for the subject.... isn't this what the CEO is showing in the way he keeps asking questions?

Lets say that subjection always leaves something out - it always leaves something to be desired. Using Coralie's terms, the logic transforms needs into demands, and what is left out appears as *desire*.

DoP I'm not sure "desire" is a word which is much used in the Boardroom - it sounds a bit personal and private. But I suppose I could say that finding a new approach is desirable....

HRD Quite. And when we speak about the need for 'vision', aren't we searching for a way of mobilising this desire on behalf of the business? 'Vision' in this sense is therefore a way of articulating the leadership of desire. A 'vision' which fails to do this loses touch with this "something left to be desired" and becomes simply another demand from the leader - a demand from the leader which reflects the desire of the leader to have a vision with which to lead rather than which articulates the leadership of desire of those within the business....

DoP Good. I like it. Leadership works with desire. So the difficulty we face here is that the desire of the CEO to have a vision with which to lead is not an effective substitute for the leadership of the desire which needs to be created in relation to the logic governing the business....

HRD ... and the difficulty the CEO is having is that he knows this intuitively, but doesn't know that he knows it in a way which enables him to lead effectively.

DoP So, insofar as desire arises, the questions the CEO needs to ask are where does it arise, and whose is it? If desire shows in relation to what-is-left-out, then desire will arise as *symptoms* - things not working 'as they should'. This way, we can understand too much 'action' as a failure to 'work through' what-is-going-on, and we can understand the general anxiety around the role of the CEO, reflected in the CEO himself, as itself a symptom of what-is-left-out.....

HRD Does it make sense to say that the third form of performative authority only becomes possible insofar as the logic of the business itself is experienced as leaving something out - leaving something to be desired? That would mean that the third form of governance would have to recognise the insistence of what-is-left-out, and 'use' it both as the limit of the CEO's authority, and as itself a basis for questioning.

DoP ... which means that we've got to find a way of enabling the CEO to question his own assumptions about the logic of the business.

HRD Isn't there something more we can get from Foucault which might enable us to get at the logics behind those different approaches to governance?

### ***The dilemmas of the Body politic***

DoP Well, there is another book I have been puzzling over about Foucault's work. Its got an even more unspeakable title than the one before<sup>5</sup>.

I think I can see how he solves the two-body problem. He separates out a logic of the Body politic in its effects on the subject by identifying three dilemmas which form a progression. It is only with the cumulative effects of all three that the full problem of the Body politic becomes apparent: it is when all three dilemmas are fully present that the question of what "performative" means really arises.

HRD So maybe that's the solution to our problem right there. Maybe these three dilemmas can give us a way of formulating the CEO's dilemma for him. What are they?

DoP Well the first one I shall call the **command dilemma**: top-down vs bottom-up. Shalom Glouberman was talking about four different future scenarios, the first three of which show different Ideals at work: "Free Market", "One Europe", and "Eco Control". The fourth "Hard Times" corresponded more to an iconoclasm - the loss of an Ideal and the realisation "that organisations are full of visions and values that signify nothing". The point about these scenarios was that each of them - even the fourth 'post-modern' one - were capable of commanding the support of their own followers. So although in theory Ideals seem like a good idea, when it comes to making practical choices, it is not so clear what Ideal is to be followed.

The command dilemma here lies in the relation to this Ideal. Top-down processes operate on the basis of what is Ideal for the business, whereas bottom-up processes face the business with the challenge of making use of what is 'already there'. That is what makes the 'post-modern' Ideal so paradoxical. The nature of this 'already there-ness' is extremely problematic, but the extent to which the top-down management of a business is open or closed to bottom-up processes will reflect its relation to this dilemma.

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<sup>5</sup>Michel Foucault: beyond structuralism and hermeneutics. Hubert L. Dreyfus and Paul Rabinow. Chicago Press 1983.

HRD So both the sovereign and the juridical approaches to governance are more or less top-down?

DoP No. Sovereign is top-down, but the democratic process for establishing the laws creates a bottom-up, so that the juridical approach is based on the second dilemma.

As the command dilemma becomes apparent, so the second dilemma - the **communications dilemma** begins to become apparent: say-how vs know-how. This is because say-how tends to become identified with top-down, and it is only in bottom-up processes that the say-how of the rationalist obviously comes up against the tacit<sup>6</sup> know-how of the practitioner. It is not that either one or the other is superior. Rather that each acts on and constrains the other. But as businesses seek to put intended strategy into practice, they come up against the tacit knowledge invested in people's experience which remained not just un-said, but un-thought. Say-how emphasises 'what we know', and know-how emphasises the tacit knowledge invested in accumulated experience. The extent to which communications assume that know-how isn't 'knowledge' until it can be articulated as say-how will reflect the relation to this dilemma.

HRD That one sounds more familiar - it brings up the whole question of how we learn from our experience instead of from books..... what is the third dilemma?

DoP The third dilemma I shall call the **control dilemma**: affiliation vs alliance . It only really becomes apparent when the other two dilemmas raise the question of knowing who is right. We can be affiliated to a particular form of business logic which is coherent in itself, but which leaves something out. Alliance raises the possibility of needing to formulate alternative logics....

HRD That sounds very like the contrast between the US and Japanese approaches to strategy you were talking about earlier - the US approach being about affiliation...

DoP Yes, I think that's right. And again, neither position is right. Both are ways of being strategic, and neither can wholly ignore the other. If I think of some of the joint ventures we have tried to make work, our approach to control has been to try and force things to work under a single framework instead of being able to work between different frameworks. We find it pretty difficult to work with alliances because we don't have a way of knowing who is right.

HRD So what are we saying? I guess that all dilemmas are always present, and the way in which each of the dilemmas identified above is in play in the business will reflect in the quality of its culture.

DoP Yes. Sovereign means authority which is top-down, based on espoused theories which demand affiliation; juridical authority is espoused, but with the command dilemma held open, so that affiliation is demanded to the interpretations of the judiciary; and performative is affiliative, but with both the command and communications dilemmas held open, so that authority arises out of the performativity of the relation to the particular situation itself. So perhaps we should call the dilemma of whether or not to hold all three dilemmas open an **ethical dilemma**, with the distinction between performative and juridical forms or authority being reflected in *relational* vs *positional* forms of strategy. Thus, any particular form of governance means at least one of the three dilemmas - command, communications or control - being stuck on one end. If, on the other hand, all three dilemmas are 'held open' by the business, then it means raising fundamental questions about the basis of authority for that organisation<sup>7</sup>.

HRD Okay. So from this point of view, relating to a business only in positional terms, for example, is going to be comforting not only because it masks the control dilemma facing the business in how it develops its strategy, but also because it masks the corresponding dilemma facing the individuals who work in it - including those individuals 'managing' the change process.

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<sup>6</sup>The Knowledge-Creating Company by Ikujiro Nonaka. HBR November-December 1991

Original version published in  
Richard Boot, Jean Lawrence and John Morris (eds)  
"Creating New Futures: A Manager's Guide to the Unknown"  
McGraw-Hill 1994.

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<sup>7</sup> A position which is particularly characteristic of the 'fool' position. See Meeting the Challenge of the Case with Barry Palmer in Casemore et al (eds) "What makes consultancy work - understanding the dynamics". South Bank University Press 1994. pp358-371.

DoP Perhaps the CEO's anxiety is directly related to the communications dilemma and how to hold it open. Look at the way he both challenges with questions but refuses to accept that it is possible for him to know the answers, the way he appointed me to establish common frameworks, and the difficulties he then created for me too.

HRD Yes. And it isn't working because although, as Director of Planning, you are able to intervene effectively in the communications dilemma, if you do hold it open, you have no way of dealing with the control dilemma because it is essentially a line issue - that's what came up in the presentations from the Managing Directors - and you can't intervene on the line issues: he has to.

DoP Absolutely, and that's where we have got to now. We have succeeded in opening up the communications dilemma with him, which was then showing in the strategy reviews as a challenge to the basis of line authority - the whole question of performativity.

We have to ask where the business must look for solutions to the problems it faces - where action must spring from if it is not from a polarisation of the first two of the dilemmas. If the command and communications dilemmas are held open, then affiliation has to hold the business together as a whole on the basis of agreement about the nature of - and performativity of - relational advantage.

HRD Yes. And regardless of the content of the dilemmas, resistance will always be encountered when one configuration of these dilemmas encounters another configuration - when one 'solution' encounters another. Each will make the other anxious in ways which the other has suppressed. That's what your different forms of governance are about - they are different strategies for resolving the dilemmas. What makes the performative approach different to the other two is that it rests on a commitment to working through differences - working with the resistance instead of against it.

DoP Is this a way of understanding that awful term of yours the 'learning enterprise'?

HRD Yes. It means that anxiety has to become a challenge towards new forms of business instead of a threat to old forms of existence.... it means ultimately an ethic for creating new futures - the ethic of the fool. This

ethical imperative comes from assuming a relation to anxiety as the necessary corollary of change. No wonder the CEO feels anxious!

DoP And us too! I guess there's nothing left to do but face it....

*[At this point the meeting had to end, and the two of them went of to other meetings, wondering what dinner would bring.]*

## The moment of realisation

*[The MD who joined them for dinner was relatively new into the Group, but the Division he was responsible for had had a long-running struggle with the Centre to agree its strategy]*

CEO *[speaking to the MD]* We were discussing the learning which had come out of the strategy reviews this morning, and the way they seemed to be challenging my role as CEO.....*[turning to the HRD]* Would you like to summarise?

HRD We were not sure that he was being entirely fair with himself. Certainly you MD's appeared to be complaining about him, but there were a number of inconsistencies in your complaints, which suggested that it wasn't only a matter of his role.

Thus, you appeared to want a clear context from him, and yet you seemed unsatisfied by the common understanding which had emerged from sharing your critical reviews. You also appeared to want to be able to determine your own strategies, and yet were disturbed by his insistence on asking you questions without telling you how you should answer them....

CEO What emerged from this morning was that we seem to be facing a problem of governance in the relationship between the Centre and the Divisions, and there seem to be a number of different models around for my role as CEO.... *[turning to the MD]* But what did you think came out of the critical reviews?

MD I see it as a very practical problem of leadership style. We've reached a point in our history where it has to change if we are to be able to make

change happen in the Group. We can't just tell people what to do any more. *[speaking to the CEO]* You certainly can't, and even I can't if I want a motivated team of people around me.

I also think it is clear that although I need clear frameworks within which to run my Division, you can't tell me what they are, and you *[speaking to the DoP]* can't assume that we should all be using the same framework.

DoP But we do have a problem here. We don't seem to have a way of making sure that there are clear frameworks being used by the Divisions....

HRD Precisely. Which is why those critical reviews you did were so important. But we can't just do that once. It needs to be a continuous process.

MD Well that's not so difficult. It just means teaching people to make new demands on themselves and the business. We just have to change people's knowledge and attitudes. If we do that, their behaviour will change.

CEO Perhaps, but who is to define what those new attitudes are? You? Me? Your team? I don't think it is as simple as that, because it is still using the old logic of what we were this morning calling the *juridical* approach - it implies another espoused framework being applied. I think we need a new organisational form - we need to make questioning legitimate instead of leaving it in the woodwork, or to me.

HRD We are fortunate that the CEO is as questioning as he is, but it seems to me that a lot of the confusion stems from the fact that people don't understand that about him - they confuse his questions with commands. We've got to make it okay for the line to ask questions before it knows what the answers are - after all, that is what development and change is really about.....

MD ... and that means trusting your people. I'm sure I could demand more from my people, and I'm always surprised by how much more they come up with than I expected. But the trouble is I dare not let their expectations for change get too high, and when I do, the difficult thing is to get them all moving in the same direction.

CEO That sounds like a contradiction. Surely if you trust them, you can let them work out a common direction?

MD Yes, but do you trust me? You are very good at giving me questions, but you want to be convinced by the answers as well - and that means ending up with answers which are yours. I have the same problem with my people. I do trust them, but I suppose only up to a point.

CEO But what is wrong with that? I am the CEO after all, and you're the MD. Isn't that what we're paid to do - set the limits within which our people can work?

### **Organising learning**

HRD Yes, but does that mean to say that people always have to work within your logic? I am not convinced that it does, but people don't really have a way of challenging your logic. That's the sense in which they are not sure that you trust them - that you don't trust their logic.

DoP Isn't that exactly the point. We don't have any way of challenging each other's logic. Certainly, I don't feel in a position to challenge the logic of the Divisions, even as Director of Planning. I'm treated as a function. That means I ought to know what's right in planning.

MD And I'm a line manager responsible for a Division. I have other functions working for me, and I'm supposed to bring them together around particular products and markets to produce profit. So I'm supposed to know what's right too - if I don't deliver profit I'm not getting it right!

CEO So where do the logics get checked out? We don't have any way of organising that, other than relying ultimately on my being prepared to ask the difficult questions myself, or calling in consultants who are supposed to know what is right.

HRD I agree. We don't have a way of calling things into question in ways which can be resolved by reference to the nature of the problem instead of by reference to some pre-existing logic. That is what Chris Argyris called double-loop learning in organisations<sup>8</sup>. We really do need a third form of

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<sup>8</sup>Harvard Business Review Sept-Oct 1977 pp115-125.

organisation to complement the Functional and Divisional forms and which is capable of double-loop learning.

CEO Perhaps the answer is right under our noses - the task forces we used for the critical reviews. That is a way of legitimising networking people around specific questions so that we can trust the answers they come up with.

The problem is that this third form of organisation is getting muddled up with the other two, and the only effective way we currently appear to have for doing it is through using external consultants to do the networking for us.

DoP So the way you use external consultants to solve problems is short-circuiting double-loop learning within the Divisions?

HRD Precisely. And by exercising leadership over those internal networks in a way which was different to your normal line style, perhaps you would have found your third style....

DoP What you are saying is born out by another paper I came across recently<sup>9</sup>. The concept being talked about was the 'social architecture' of the business - which is this 'logic' of the business we have been talking about - and the need to change it. The argument was that you change this architecture through the way you use networks, and that managing networks is the key responsibility of senior management.

There were three factors which had to be managed explicitly, and they were:

- (i) the clarity, timeframe and specificity of the business outputs expected from the network;
- (ii) the visibility and free flow of information, communication and dialogue within the network; and
- (iii) the evaluation processes and performance criteria which had to be congruent with what was expected from the network.

CEO And the role of the CEO?

DoP As I recall, there were two things which were crucial: the CEO had to make it in the long-term interests of people to lead networks; and he had to intervene on both the demand and supply sides for bringing about change - demand by legitimising the questions, and supply by creating legitimate processes for working through those questions.

CEO So that's it. We need a third form of organisation and leadership which is going to look very like a form of internal consultancy..... and which legitimises double-loop learning.

MD And perhaps if we do it this way, we could save some of the fees we are presently paying out!

CEO Sounds good to me! *[turning to the other two]* We have a lot of very good people in this business. We have to insist on learning more from their experience, and finding ways of doing that continuously.

DoP I have to agree with that. But you have to help us to learn from our experience. That way we'll all end up learning what to do and not just you.

CEO What do you think of this wine...?

*[Neither the HRD nor the DoP were sure what had happened between them and the CEO that day. But something had been moved. They wondered whether it had been the CEO.*

*They got a clue when, not long afterwards, the CEO created a new line role over all the Divisions, splitting his role into two; and called a meeting of all the external consultants who had been used by the Group, asking them for a critical review of how they had been working within the Group.*

*But it didn't last for long].*

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<sup>9</sup>"How networks reshape organisations" Charan. Harvard Business Review Sept-Oct 1991. pp104-115

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