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The age of information: new anxieties – new opportunities

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Communication in the shadows

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Abstract

The paper examines the dynamics of communication inside businesses and other organisations and institutions. It shows the potency of the shadow side as a key factor in organisational life in determining what gets done, in spite of managers' belief and insistence that they conduct business rationally. The paper discusses the shadow-side model in the context of potentially unethical decisions and practices. It offers advice on how safely to render discussible awkward issues and concerns that may ordinarily remain undiscussible.

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Introduction

I want to talk about a handful of communication themes which appear in *The Organisation Shadow-Side Audit* and which constitute a less than rational dimension of behaviour inside organisations.

I will give several examples of what I mean in a moment. But, first, I need to say something about the shadow-side as a concept, one that lends itself to serious study by academic psychologists and organisation change consultants.

I teach part-time on an MBA programme. Being only a visiting faculty member, I manage to avoid most features of the institutionalised form of shadow-side behaviour in education, but I am mindful that we are in a university today, and there will be some people here who are up to their necks in the shadow side every day. Most people are experts; we all have stories to tell and scars to show.

I spent most of my career in British Airways, a highly political organisation, one where you covered your back – a hallmark of a strong shadow side.

What is the shadow side?

Politics is one clearly identifiable feature of shadow-side behaviour. Remember the infamous Jo Moore email claiming that “11 September is a good day to bury bad news”. It’s now called ‘having a Jo Moore moment’! But there is a lot more to the shadow side than that. The shadow side is the space in any organisation’s dealings which is less than rational, may be less than honourable, may not be wholly legitimate in the sense of its not being sanctioned by officialdom, or may be deemed unacceptable for discussion at business meetings.

Take the question of rationality first. Such relationships, dealings and features qualify for the label ‘shadow side’ because they are not formally accepted as part of the management role. They are part of a counter culture – the other half of the management equation which divides between the formal and informal, the legitimate and the shadow. A formal management meeting is unlikely to have on its agenda such items as ‘power, networking, and cliques’, though it may possibly have ‘turf dispute between marketing and production’.

In the wake of the scandal over exaggerating their oil reserves, Shell’s replacement director for exploration and production at the Anglo-Dutch oil giant has admitted publicly to the need to “overhaul the ‘barony’ structure and replace it with a global one, breaking down the rivalries that sometimes hindered development ...”. Dysfunctional corporate culture is increasingly discussed formally. Network Rail’s new directors have spoken of the internal competition and incentives in the structure they inherited which had train operating companies at each other’s throats. It is, of course, easier for new incumbents to observe and criticise a previous regime. Indeed, it is itself classic shadow-side behaviour.

These features are non-rational, but are not necessarily irrational. Competition – even internally – can have an upside. Social networks might have a positive, negative or neutral impact on the organisation’s official business. The grapevine might have a positive impact, indeed may be exploited by the management to convey news. But there are some aspects of the shadow side which are decidedly negative and dark.

The organisational v. personal shadow side

There is a dark side in all of us, something that we may hardly be conscious of, or admit to. It may concern our thirst for power, our ruthless ambition, our propensity to ‘brief’ against other people (as seems commonplace in politics). But the organisation too has its own, parallel, shadow side.

Some examples of the organisation's dark side

Take for example, the British Airways 'so-called' dirty tricks campaign. Here, you may recall, the airline's staff hacked into Virgin Atlantic's computers to find passenger contact details, then phoned them, not revealing that they were British Airways employees, and offered to transfer them to a more convenient flight time – which happened to be a British Airways one.

A feature then, just as now in American-run jails in Baghdad, is whether such instances are rare and limited to rogue individuals, or whether they have higher-level sanction. We may recall the words of Neal Ascherson in his review of Christopher Browning's book *The Origins of the Final Solution*: 'The centre almost never issued orders. But local commanders ... always sensed that more extreme action would find approval above them'.

Another example is negative advertising. We have recently experienced an election season. The parties decided that their best approach was to knock the opposition rather than parade their own virtues and advocate their own policies. This used to be commonplace in takeover 'wars'; remember the vitriolic campaign run by Guinness against their rival Distillers in 1986. This form of communication has since been outlawed.

Then there were the insurance companies' mis-selling scandals: selling inferior personal pension plans to people already in secure occupational pension schemes. I talked to an insurance salesman once. At his induction he was told: 'Get yourself a Porche and plenty of debt. That will give you an incentive to sell the policies. And don't worry: you'll do so well you'll be able to pay it off in no time at all.'

The human condition

These are dark illustrations. It is time to bring them out of the shadow and legitimise their discussion. But that isn't easy. As we have witnessed in Baghdad's infamous Abu Ghraib jail, when one man is in 'communication' with another, when he believes that he is superior, is governed by a weak and immoral framework of what constitutes fair and respectful discourse, is told that he has God on his side, then the shadow will eclipse the light.

Discussing the undiscussible

So let us return to the grey irrational shadow rather than the dark, black one. My boss in British Airways used to claim that a key role for HR professionals who are responsible for culture or climate change in organisations was 'to render discussible the undiscussible'. This is a notion that several academic writers have written about, including most notably my professor in Chicago almost 20 years ago, Gerard Egan.

The idea here is that in an unhealthy organisation there are barriers to open communication. They take the form of things that are undiscussed, undiscussible and unmentionable. Transgressing that divide entails taking a career risk – causing embarrassment, exposing weakness in your masters, or simply revealing your inability to understand the rules.

So, for example, your chief executive may state that he has an open door policy. If you go to see him, he either expects to receive information, or he expects you to ask for something to be clarified, or he is there to tell you what he/she wants. He doesn't expect an open-ended discussion between peers whose views carry equal weight. So, certain matters that might be useful and healthy to discuss – including ethical misgivings – don't get discussed. Their lack of discussibility might also be undiscussible. It might be too risky to suggest to the CEO that you should sit down together and chew something over: he/she might be threatened by that. It might be risky asking the CEO why the two of you never engage in that kind of dialogue. Either the process or the content might be taboo. The fewer taboos, the better the health of the organisation.

The process of *nonviolent communication* advocated by Dr Marshall Rosenberg offers a route to making safe verbal requests anchored in mutual and universal psychological needs.

Please note that in these illustrations, I have used the pronoun 'he'. In the linguistic sense, I am taking the male to embrace the female. But it is actually more likely to be male than female. Not only are there more male than female chief executives, but research shows that the male form of communication favours *advocacy*, whereas the female form favours *enquiry*. Those are generalisations, however.

Strongly traditional, hierarchical culture

Another example of the undiscussed and undiscussible concerns that of a chief executive of a Swiss engineering conglomerate. He was a young American, ex-McKinsey consultant, parachuted in the help the ailing company. He sat above a pyramid of traditional-minded elderly Swiss males. On his appointment, he sent out a message throughout the organisation saying 'here's my email address; anyone is free to email me about anything'. Well, you can imagine how that went down. The company's manager of Brazil (a Brazilian) had some serious concerns about the business and wanted to say something. But he knew the unwritten rules of the game: everything goes strictly up and down the hierarchy. There were at least two levels between him and the CEO. He knew that his career would be over if he took up the CEO's invitation. This was a formidable barrier to discussion, but the fact of the nationalistic blockage at the top was itself undiscussible – even though it was leading to ossification. Changing culture is very slow; in some cases it awaits generation change.

Close friendships in organisations

Here is another example of the undiscussible and a strategy for finding a way through it. One fast-expanding company's directors could see that much more was needed from their HR function than they were getting. But the move to a more imaginative and proactive role was held back by a long-standing friendship between the chief executive and the incumbent HR director. The latter had a reputation with colleagues for being very successful at managing upwards. There was a resigned feeling among fellow directors that nothing could be done to challenge the type of service they were receiving from HR. Indeed, they felt it might be dangerous to say anything.

Close personal friendships in organisations, and the positive and negative effect they can have on workplace effectiveness, are well understood as classic 'shadow-side' factors.

My advocacy here to a director who was not getting the service he needed from his HR director was this. At the next management meeting, say you would like a discussion in the top team of what *accountability* and *responsibility* between members of the board mean in practice. What are they being held accountable for, and what does the process of being held accountable actually consist of? The modern view is to distinguish between a director's 'accountability to' (e.g. the chief executive), 'responsibility for' (e.g. the professionals who provide the HR service) and, crucially, 'responsibility to' (e.g. fellow directors and other 'customers'). This realisation may open the door to a dialogue about how each director will fulfil his/her responsibility to fellow directors. Recognising your obligations to stakeholders other than your boss has a clear ethical dimension.

Cliques and in-groups

Yale University in the United States has long been noted for its Bonesmen – members of the *Order of Skull and Bones* secret society, to which incidentally both George Bush and John Kerry belong. All societies have something or other like this, though the initiation rites and rituals of some go further than others, especially – with Bonesmen – sexual confessionals. This leads to immense loyalty between members (though it doesn't appear to have worked between Bush and Kerry!). A recent book claimed that: "The president has surrounded himself with Bonesmen for most of his life. Bush's use of Skull and Bones is an example of how this kind of secret society can propel a model of mediocrity through society. Once he attained office, he rewarded members of Skull and Bones with prestigious positions in his administration". (For the benefit of any philologists present, I should say that I am quoting: the word *prestigious* owes more to the word *prestidigitation* than the word *prestige*. And, as we know, *prestidigitation* means sleight of hand.)

Friends and families

Friendships, while officially part of an organisation's shadow side in the terms described above, are of course, only natural. We should cherish friendships. As we should family. But how objective should we be? Should we put close relationships ahead of the organisation's need for objective use of talent? When I was working in the Middle East I recall a discussion with some Kuwaitis. I was claiming that nepotism was unethical. They couldn't understand my argument. From where they stood, in their own collectivist value system, family came first. 'Surely', they said, 'you would put family ahead of strangers; to do otherwise would be immoral!'

Board manoeuvres

A report, titled 'Tarmac investors threaten revolt' appeared in *The Guardian* newspaper on 02 July 1999. It read:

'Construction group Tarmac faces a revolt over its demerger plans from shareholders incensed at the firm's determination to install Sir Neville Sims in the joint role of chairman and chief executive and give senior executives potentially unlimited bonus packages.

Tarmac's determination to breach conventional corporate governance standards and deprive shareholders of the chance to vote on some of the most controversial aspects of boardroom remuneration have angered senior investors.

Clerical Medical, known for its robust stance on corporate governance issues, has told Tarmac's chairman, Sir John Banham, that it will vote against the whole demerger plan at the extraordinary meeting next Thursday. William Claxton-Smith, Clerical Medical's director of UK equities, said: "It is our view that investors should be given the opportunity to vote separately on substantive and potentially controversial issues ... but the single resolution only allows us to express our opposition by voting against the totality of the demerger. Despite our commercial support for this, we will be doing so."

Other large shareholders, believed to include Phillips & Drew and M&G, have protested about the company's determination to install Sir Neville in the dual boardroom role. The appointment of a senior non-executive director and the promise of another have gone only part of the way to offset their concerns.

The Association of British Insurers is also seeking clarification of the reward packages which appear to offer unlimited riches to directors of Carillion, the aggregates company being spun out of the group. The ABI wants Tarmac to provide details of the ceiling on incentive packages as well as more information about the performance criteria which will underpin the award of share options and bonuses. Richard Regan, head of investments at the ABI, said last night that Tarmac risked a large vote against the remuneration packages if it did not provide a swift response.'

So what is new and what can be done?

A prominent chief executive has recently resigned after pornography was found on his computer's hard drive when it went in for servicing. Another chief executive has paid for employees to access the internet at home, and is encouraging them to view pornography there, in the hope that they won't spend company time doing it.

More up-to-the-minute technology is digital photography allied to mobile phones, as we have seen in the expose of military jails. Transparency rules – there is nowhere to hide. So best to make a virtue of it.

The government's new Company Law Bill will require listed companies to publish an operating and financial review (OFR) on their social, ethical and environmental performance in so far as it is material to their business. Unfortunately, this falls short of its impact on society. But it's a start.

Elsewhere in corporate governance, shareholder organisations and activists are combining forces, using technology, to counter the 'fat cats' at company AGMs.

Shadow-side dealings were once hidden in private face-to-face meetings and unrecorded phone calls. Nowadays, when a scandal occurs with accusations of major wrongdoing by senior officers in a company, the shadow side may surface later in embarrassing emails stored on a server, hard drive or back-up tape. One commentator advises people to:

‘Cut and paste a picture of Richard Nixon onto the corner of your email box. As you are tapping out that exhortation to kill and destroy the competition/stitch up the client/bribe the regulator/do something rude with the receptionist, glance up at the great man’s smiling face. Then get up and deliver the thought in person. That way you can be sure it will be safely forgotten by lunchtime.’

As to managing the shadow side generally, here is some advice:

Gain an understanding of the concept to know what to look for. Hone your antennae so that you can detect where the shadow side offers an explanation for what is happening. Develop the courage and skill to bring awkward and sensitive issues out of the shadows, enabling important but previously undiscussed matters to become discussible. Know what you are getting yourself into, and be less likely to be deceived by words, action or data that is designed to please you.

Finally ...

Remember that all organisations are political. As Carl von Clausewitz, the 18th century Prussian military thinker, reminds us, “War is nothing more than the continuation of politics by other means”. And, for many, business and politics are closely related beasts, vehicles for acting out ego and displaying power.

Thank you.

William Tate