

The London School of Economics and Political Science

The Work of Financialisation:
An Ethnography of a Global
Management Consultancy in post-
Mao China

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Declaration

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Abstract

This thesis examines and exposes the work of one of the most enigmatic of capitalist institutions – the management consultancy – as that of financialisation. In recent decades financial markets have played an increasingly important role in the operations of the global economy, which has led to fundamental changes to managerial practices of the modern corporation. In particular, many authors, from a variety of disciplines within social sciences, have discussed the ascendancy of shareholder value as *the* ideology of corporate governance. But what is rarely examined is how shareholder value has been disseminated and installed as a corporate good. At the same time, there continues to be widespread ignorance about one of the major proponents of shareholder value – management consultancies. In short, we still do not know what consultancies do. I attempt to address this lacuna by examining how management is practised *within* management consultancy. Through an ethnography based on 16 months of fieldwork inside one of the world's largest management consultancies, I show that shareholder value is an ethic of production which has to be made through a set of socio-technical practices which are deployed in the pursuit of an ontological transformation – the enactment of the corporation as a financial asset. I highlight the importance of information technology (IT) in this endeavour, specifically, how it is incorporated in managerial techniques of “corporate culture”, which attempt to not only orientate employees towards the “needs” of financial markets, but also constructs them as financial objects. The work of consultancies is to establish the practice of managing labour as financial capital. This thesis draws on analytical approaches from science and technology studies to examine complex managerial systems and how they operate to produce an ethics of capitalism; it contributes to existing anthropological scholarship on the “new economy”, financial markets, corporate subjectivities and theories of value, and provides a novel example of how “fast capitalism” can be captured, ethnographically, through a methodology of collaboration.

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List of Acronyms

ANT	Actor Network Theory
BPO	Business Process Outsourcing
BPR	Business Process Reengineering
CCI	Contract Controllable Income
CCP	Chinese Communist Party
CEO	Chief Executive Officer
DLSP	Dalian Software Park
EPM	Effective Performance Management
ERP	Enterprise Resource Planning (system)
GDP	Gross Domestic Output
HCS	Human Capital Strategy
HR	Human Resources
ICT	Information and Communication Technologies
IT	Information Technology
ITO	Information Technology Outsourcing
LBO	Leveraged Buy-Out
LOR	Level of Responsibility
MNC	Multinational Corporation
NBM	New Business Meeting
NEBM	New Economic Business Model
NHS	National Health Service
OB	Organisational Behaviour
OSC	Offshore Service Centre
PR	Permanent Resident
QSA	Qualification Strategy and Advancement (tool)
RMB	Renminbi (national currency of People's Republic of China)
SAP	System Analysis and Program development (name of a software company)
SOE	State Owned Enterprise
SSC	Shared Service Centre
SSF	Social Studies of Finance
STS	Science and Technology Studies
TSR	Total Shareholder Return
USD	United States Dollar

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Introduction

“[We] need to sell 7 billion (USD) worth of stuff every quarter...last quarter we did sell 6 billion worth of stuff, in the worst economic conditions.”

This is a quote from John Scott, the CEO of Systeo, an American corporation which happens to be one of the world’s largest management consultancies.¹ He is addressing some of his many subordinates – a mass of consultants at a five-star hotel in Beijing – in the aftermath of the global economic meltdown which began in the autumn of 2008. He reassures them that Systeo will not be a casualty of the financial crisis; in fact “it’s an opportunity for us to take market share from our competitors”, he says. They just need to keep selling “stuff”. But what is “stuff”? A question for the many clients of global management consultancies, which include some of the most famous institutions in the world – for example, the BBC – as well as the richest – for example, the largest Chinese state-owned enterprises.² They have hired management consultants to overhaul their organisations, paying them exorbitant fees for what exactly?³

In the UK the recent economic downturn has been punctuated by references which suggest that the status of consulting is still an unresolved matter. Headlines such as “NHS (*National Health Service*) ‘has no idea what £300m of management consultancy buys’” (The Guardian, 4 June 2009) draw attention to the colossal sums that the government has spent on consultancy and the opacity of these expenditures.⁴ Taking the government to task for their wanting fiscal prudence are social commentators for whom management consultancy is nothing more than a meta-representation of speculative capitalism, or as one journalist put it, “a scam” (The Independent, 20 August 2010).⁵

¹ All the names, of people and organisations, in this thesis are pseudonyms.

² Georgina Born’s ethnography, *Uncertain Vision: Birt, Dyke and the Reinvention of the BBC* (2004), gives an insight into the role of management consultants in the restructuring of the BBC.

³ According to Born, the BBC spent approximately £22 million a year on consultants in the 1990s (2004: 218).

⁴ <http://www.guardian.co.uk/society/2009/jun/04/nhs-management-consultancy-costs> last accessed 12 October 2011. See also, “MoD (*Ministry of Defence*) pays cost-cutters £3,950 a day” (The Independent, 27 Oct 2011) <http://www.independent.co.uk/news/uk/politics/mod-costcutters-paid-3950-a-day-2376580.html> last accessed 27 Oct 2011.

⁵ <http://www.independent.co.uk/opinion/commentators/johann-hari/johann-hari-the-management-consultancy-scum-2057127.html> last accessed 12 October 2011.

The specter of deception is echoed in London's West End where the critically acclaimed play "ENRON" has thrust the darkest days of consulting, quite literally, into the limelight, almost 10 years after the American corporate giant of the same name collapsed. In short, consulting is reduced to little more than a well-dressed and expensive package of corporate hype and moral deviance. But this explanation tells us little about the central role that management consulting plays in contemporary global capitalism, and fails to answer the pressing questions which cut to the heart of the consulting conundrum. These questions are simple and interrelated: What do consultancies do? And what do they sell?

Writing this thesis, I found myself wrestling with these very questions, despite having first-hand experience of consulting. After 16 months of fieldwork inside Systeo, I was still unsure of the answers. Back home, I started, rather anxiously, to re-read and code my field notes. Combing through the details of Systeo's corporate practices, internal training and official literature, it became apparent that John's failure to define consulting, that is, "the stuff", was not a one-off. Consultants are told, from the start, that the substantive content of consulting is *by definition* undefinable.

"Does your mother understand Systeo?"

This is the question posed to newly hired consultants on their first day. During their induction session when they are initiated into the world of Systeo consulting, a Human Resources (HR) manager shows a short film where the first frame is the question set in bold-type on an otherwise blank screen. At this point the manager stops the film, turns to the puzzled faces and says,

"Work at Systeo involves many abstract concepts so it's difficult to explain to other people."

The film resumes, showing a series of Systeo consultants drawn from offices around the world struggling to describe their everyday work to their nearest and dearest. The last

“consultant” is none other than John Scott who says he can’t answer the question either. Instead he gives the rather cryptic response of:

“if you think about the nature of what we do, that is, in fact, what we do.”

This short vignette reveals the intensity of the problem I have already stated. Deciphering the object of consulting – “what consultancies do” – is not just a matter for external inquiry; it is also presented *within* the consultancy as a dilemma which employees must learn to circumnavigate. By showing one Systeo employee after another fudge through such a seemingly straightforward question, the film prepares new staff for what will be a recurrent experience – alienation from their family and friends – which plagues all employees, including Systeo’s CEO. Despite being the consultancy’s highest-ranking employee, and chief public representative, John Scott is unable to explain to his mother, and by implication anyone else, what Systeo does – underscoring the point that (the difficulty of explaining) consulting is not a dilemma that fades with experience. Rather “enlightenment” is achieved through a repositioning of the analytical lens. By attending to the *nature* of what Systeo does.

Put simply, what Systeo does is enact change. The substantive content of consulting is subordinated to the primary goal of transformation. This, of course, is not a controversial claim: “improving efficiency” is frequently invoked as both the clarion call for, and the stated expertise of, management consultancies. It becomes controversial when the expected transformation is not realised i.e. when clients find that they do not become more productive, an outcome which suggests that consultancies cannot justify their eye-watering fees. As I have stated above, for many external observers this amounts to little more than plain deception. But the haziness that surrounds the status of consulting *inside* the consultancy suggests that this account is, at best, partial. Instead, we should consider the possibility that the “gaps” in enactment are less a consequence of active misrepresentation, and more a problem of thwarted enunciation – the socio-technical manoeuvres of consulting elide straightforward description. For transformation certainly takes place, just not of the variety stated – their clients become more efficient but not in the sense that is commonly understood. Output is not

necessarily improved; rather consultancies aim to reinscribe their clientele as efficient financial machines.

What this thesis exposes, as well as examines, is the project of *ontological* transformation that sits at the heart of management consulting and how it is implicated in an *historical* transformation of capitalism. I conceptualise the moves of financialisation, which have been described by political economists and economic sociologists, as the ontological politics (Mol 2005) of enacting the corporation as a financial asset – a vessel of value – to supersede its prior inscription as a productive asset – a creator of value. Moreover I show how labour is not exempt from this ontological politics, but a critical target of it; the crucial work of management consulting is to establish the practice of managing labour *as* financial capital. By presenting an ethnography of a global management consultancy I show that what has often been described as “a scam”, in fact, points to the labour- and technology- intensive work of producing and naturalising financial capitalism at the ground-level. Consultancies funnel into their clients a socio-technical machinery which is designed to produce a new regime of value – one that privileges the imperatives of financial capital. In this way, consultancies are part of a long chain of production of financial value which includes but is not limited to “high finance”.⁶

The Context

From the outset my approach has been to understand consulting from “a native’s perspective”, which is why I decided to embed myself into one of the major players in the management consulting industry. Gaining entry to such an institution was deeply problematic and fraught with anxiety, as I will discuss later; but it was not the only “hazard” of institutional fieldwork. There was also the issue of scale. With an organisation as big, and as complexly structured, as Systeo, deciding where to draw the boundaries of such an ethnographic study is critical. It has over 150 offices in North and South America, Europe, Asia, the Middle East, Africa and Australia, and employs

⁶ I use the term “high finance” to refer to the entities that are commonly thought of as encompassing the upper echelons of finance: investment banks, trading firms, and hedge funds.

more than 100,000 workers,⁷ many of whom are not stationed in Systeo offices but at their clients, which include a staggering number of Fortune 500 companies and national governments.⁸ Given the variety of organisations which are described as consultancies and thus the plethora of services which are sold as “consulting”, it is important to stress that the management solutions that Systeo sells are typical of the largest technology-based management consultancies. Its headquarters are in the United States where its consulting practice originated. However, regional offices do not report to the headquarters in the usual “control and command” hierarchy, but rather Systeo, like many consultancies, operates what is known as a matrix organisational structure. In simple terms employees are grouped into divisions according to their work specialisms (their expertise), rather than the office in which they are based, and reporting lines are defined by specialism rather than geographical boundaries. (Although within a specialism there is, invariably, separation by region). The upshot of this organisational structure is that the top layer of the organisational hierarchy is comprised of partners from various countries, not just the US.⁹ Systeo narrates itself as a *global* consultancy which refers to the uniformity of work across its offices. However it should be stated that this uniformity is based on the replication of its original American consulting practice. Also, emphasis on “the global” is reflected in its management solutions which are often standardised products developed in its more established offices in North America and Europe, and then “rolled-out”/disseminated to regions where consultancy has only recently been practiced. Given my interest to get to the bottom of what consultancies do, my having chosen to study it in a place where Systeo’s business is still in its infancy and, thus, still in the process of self-conscious legitimisation – the People’s Republic of China (hereafter “China”) – was fortuitous. Here management consulting meets, and is co-opted into, a project of transformation which *is* explicitly enunciated – the modernisation of the Chinese economy.

Since China’s turn towards a market economy, modernisation has been the stated goal of the Chinese government, whose legitimacy is intimately connected to the

⁷ To preserve the anonymity of Systeo I have not given highly accurate figures. Rather these figures give a sense of the organisation’s scale and its global presence.

⁸ Published by business magazine, *Fortune*, this is a global ranking of the world’s largest companies by revenue.

⁹ That said, it should be mentioned that at the time of fieldwork all of these most senior partners came from the “global north”.

rising prosperity of what is now the world's second largest economy.¹⁰ Initiated by Deng Xiao Ping's programme of "reform and opening" (*gaige kaifang*) – institutional reform and the opening-up of China's economy to foreign investment – which began in 1978, China's transition from a socialist command economy to one based on market principles has involved wide-scale restructuring. At first the changes were muted, focused not so much on creating a market economy but rather on the efficient functioning of the planned economy (Hussain 2006). However, economic volatility together with growing political instability pushed the Chinese government to opt for a rather different tack from the mid-1990s. After Deng Xiao Ping's tour of foreign-invested enterprises in the special economic zones located in the southern provinces in 1992, there was a shift towards explicit market reforms and radical restructuring which involved "aggressive engagement with the global economy" (Steinfeld 2010: 20) as a means of stimulating growth and increasing employment. Not just in terms of opening its doors to multinationals, which have rushed to relocate vast swathes of their global production chains to China, but also by outsourcing the job of domestic industrial restructuring to foreign institutions.

In the recently published book, *Playing Our Game*, political scientist Edward Steinfeld argues that China is pursuing its goal of modernisation not by developing its own unique institutional framework, but by adhering to the rules set by the advanced industrial West. His argument rests on a definition of globalisation that I also adopt – the organisation of production hierarchies across national borders i.e. networked production – which contrasts with the popular view that globalisation is more or less approximate to the dramatic expansion of trade and competition, which has served to decimate old hierarchies between developed and developing nations to produce a so-called "flat" world (Friedman 2005). For Steinfeld, the staggering growth experienced since the mid-1990s is a direct result of the decision to integrate China's economy into an already established global system of networked production, enabled by the alignment of norms and practices that come with "institutional outsourcing" – "the ceding to a third party (...) the power to define key societal institutions" (Steinfeld 2010: 25).

His account is a timely alternative to the usual explanations of China's spectacular economic growth, which take as their point of departure the supposed

¹⁰ World Development Indicators database, World Bank. Last accessed on 2 December 2011.

anachronism of a strong state and liberalised markets (for example, Peerenboom 2007, Nolan 1995).¹¹ Various authors have sought to exceptionalise the instantiation of capitalism in post-Mao China, principally on the basis of culture and the specific context of local practices (Hertz 1998) or late development (for example, Amsden 2001, Wade 1990); in contrast Steinfeld reminds us of the influential role of Western capitalist institutions in shaping China's economic infrastructure and transition to a capitalist economy.¹² He goes as far as to say that China, in some spheres, "directly tied itself to foreign rules and rule-making authorities" (Steinfeld 2010: 44), giving the examples of China's accession to the World Trade Organisation (which took place in 2001) and the listing of state-owned enterprises (SOEs) on overseas stock exchanges. The latter is of particular relevance. Under the policy of "grasping the large and releasing the small" (*zhua da fang xiao*) which was adopted in 1997 – a key step in the second, more aggressive, phase of economic reforms – China's largest SOEs were corporatised, requiring a radical overhaul of managerial practices. According to Steinfeld, this was accomplished by hiring overseas-trained Chinese managers as a means of importing the requisite expertise of financial management needed to run a publicly listed global enterprise (2010: 34). He does not mention the deployment of foreign management consultancies, an absence which is particularly conspicuous given his stated emphasis on institutional outsourcing.

Although consultancies disclose their associations with Chinese SOEs, they have so far escaped the attention of Steinfeld and the many other scholars who write about China's economic development.¹³ This can be partly attributed to the bias towards macro-level analyses of enterprise reform (*qiyé gaige*) – these are unable to capture the subtle processes of enactment that defines the ground-level transformations that consultancies carry out. Broadly speaking, this bias reflects the division of labour

¹¹ Lisa Hoffman (2006) points out that this assertion is based on an erroneous equation of neoliberalism with unfettered markets, created through the absence of state intervention. She reminds us of the considerable state intervention required to create so-called "free markets".

¹² Anthropologist Ellen Oxfeld (1992) is one of many authors who have questioned the existence of a specifically Chinese capitalism, alternatively known as "Confucian capitalism". On the whole, such tropes of fetishised capitalism contend that there is something distinctly "Chinese" about the economic processes currently occurring within China and across its borders and propound notions such as the idea of a uniquely Chinese business culture, or of cultural/ethnic affinity between diasporic and mainland Chinese people which facilitates economic interaction (Hofheinz 1982, Redding 1993).

¹³ Explicit disclosure can be found in the form of white papers published by consultancies, including Systeo, and also the websites of SOEs which often name their corporate advisors.

between academic disciplines. Whilst economists and political scientists have examined institutional changes at the macro-level, anthropologists (of China, and more generally) have rarely looked at the agents of change – the mediating institutions of capitalism. Instead their focus has been on changes to local communities, labour, kinship structures and migration which can be connected to the reform of state-owned enterprises and the diversification of ownership structure in China to permit the entry, and proliferation, of foreign-invested firms (see Lee 1998, Chan 2001, Rofel 1999, Solinger 1999, Ngai 2005).

Gaining access to a consultancy which lists corporatised SOEs not only amongst its clients in China, but as its *primary* clientele, provided a rare opportunity to find out what effects management consulting has on organisations which are highly significant in the global economy as well as the Chinese economy. Systeo's clients include the corporatised SOEs in the strategic industries of energy, banking and communications, known collectively as China's "National Champions". These are also some of the world's largest corporations, rivalling the likes of Walmart and Apple in terms of market capitalisation, and are touted as potential emerging market multinationals.¹⁴ For commentators who fear that these behemoths operate with a distinctly "Chinese" management ethos which circumvents the established norms and practices of global capitalism (see Fishman 2006), the news that an American consultancy has been enlisted to refashion these organisations and disseminate managerial expertise will come as a welcome relief.¹⁵ Furthermore the project of transformation that Systeo is engaged with is one of global convergence and standardisation. As we will see, for Systeo, consulting is the job of making corporate China converge with the already established institutional framework of global capitalism. Phrased in the language of consultancy, Systeo is tasked with bringing "best practice" to China.

¹⁴ Many of China's National Champions feature in the top ranks of The Financial Times list of the world's largest companies by market capitalisation, which is published annually. For the 2008 list go to, <http://media.ft.com/cms/889d77f0-4142-11dd-9661-0000779fd2ac.pdf> last accessed 18 Oct 2011.

¹⁵ In recent times, extreme versions of the culturalist account have gained in popularity, especially in the United States. They commonly contend that a questionable Chinese morality, without a liberal democracy to keep its motivations in check, is liable to harnessing markets for the purpose of national empowerment – the so-called "China threat" – an assertion which Steinfeld's book title, *Playing Our Game*, addresses squarely in its refutation. Also see, <http://www.newyorker.com/online/blogs/johncassidy/2010/12/the-china-threat.html>, for another denunciation of the "China threat" assertion, last accessed 18 Oct 2011.

The rapid growth of Systeo's business in China is directly related to the aforementioned acceleration of economic restructuring. In particular, the advent of corporatisation and privatisation engendered legislative changes and also the entry of Western capitalist institutions, which was encouraged by the Chinese government. Systeo opened its first office in mainland China in 1993. Just one year later Company Law was passed, providing a framework for converting SOEs into the legal form of the corporation (Naughton 2007: 201), setting off a wave of initial public offerings (IPOs) of SOEs which continues today. As we will see, this piece of legislation was critical to the expansion of Systeo's operations in China, which, at the time of my fieldwork in 2008-9, consisted of a network of 7 offices in 3 cities, employing over 4,000 workers, the majority of whom are Chinese nationals. These are numbers that are set to increase. For although Systeo is an American company, "its future", to quote its CEO, is in China. Corporatisation has made Chinese SOEs ideal customer fodder for Systeo, which sells a form of management that claims to increase "value" and accountability i.e. management that is concomitant with the institutional form of the modern corporation which is primarily in service to its shareholders.¹⁶ At the time of my fieldwork there was a concerted effort to increase the "headcount"/number of employees to keep up with the increasing demand for consulting services in this territory, a demand which also stems from a burgeoning private sector. In addition to Chinese SOEs, Systeo's clientele in China is drawn from the multitude of multinational companies (MNCs) which have set up production in the "workshop of the world". They too are companies of significant scale and wealth, precursors of the procurement of the particular kind of consulting sold by Systeo. China is the gateway to clients, of the public and private sector, which can afford the expensive transformations wrought by a large dose of IT.

The diversity of services which are categorised as "consulting", and concomitantly the perception that advising clients on strategy is the primary role of management consultants (McKenna 2006), occludes the main source of profit for the consulting industry – the installation of computer systems which are designed to restructure the internal make-up of organisations. These are known generically as

¹⁶ China has followed the Anglo-American model of the corporation. For an illuminating history of the significant transformation that the American corporation has undergone, from the cornerstone of welfare capitalism to a vehicle of shareholder value, see Karen Ho's book, *Liquidated* (2009), chapter 3.

enterprise systems, the most comprehensive variety called enterprise resource planning (ERP) systems and which cost somewhere between 50 million and 500 million USD to install (Davenport 1998).¹⁷ Described as a type of automated accounting system (Chapman 2005), which replicates “the central nervous system” of an organisation (Yen et al. 2001), ERP systems are “computer-based technologies that integrate data across an organisation and impose standardised procedures on the data’s input, use and dissemination” (Grant et al. 2006: 2) with the stated goal of reducing costs and thus improving profits (*ibid.*).¹⁸ Designed by software companies which leave the task of installation to management consultancies (Westrup and Knight 2000), they have become a requisite managerial device of the modern corporation – almost every large organisation in the US and Europe operates an ERP system (*ibid.*). The ubiquity of ERP systems and the ubiquity of management consulting can be seen as two sides of the same coin. Given the prominence of these computer systems in the consulting endeavour, my investigation must be expanded to address a double ignorance, of what consultancies do (the content of transformation) and of the technical devices which they deploy (the tools of transformation) – an investigation into consulting cannot escape an analysis of ERP systems and the role they play in corporate re-structuring.

The academic literature on ERP systems is largely confined to the fields that are closely linked to their production: information systems, computer science, accounting, and management science. These studies have mainly focused on the technical functioning of these devices (for example, Scott and Vessey 2000, Dechow and Mouritzen 2005, Quattrone and Hopper 2006), ignoring the pressing issues of political economy. There is a notable lack of research on, for example, how ERP systems affect power structures within and between organisations; the role they play in the production of globalised labour processes; how they are implicated in corporate regimes of value. But one author who has addressed the issue of how ERP systems affect the wider political economy is journalist turned scholar, Simon Head. In his book, *The New Ruthless Economy*, Head documents the critical role that ERP systems have played in the rise of “reengineering”, a managerial technique which first became popular in the 1970s

¹⁷ Other kinds of enterprise systems include those of customer relationship management (CRM), supply-chain management (SCM), which Systeo also install.

¹⁸ Christopher McKenna reminds us that management consulting has its origins in cost accounting and not scientific management as is commonly presumed (2006).

(Hammer and Champy 1993), that harnesses the computer to replicate and enact forms of surveillance and control in the domain of office work in a manner which, according to him, bears striking resemblance to Taylorist forms of management which originated with industrial manufacturing (2003). He argues that “the word ‘reengineering’” has “become synonymous for the practice of scientific management in the contemporary service economy” (Head 2003: 68), and that ERP systems, far from signaling a reinvention of management, extend the de-humanising practices commonly associated with Fordist accumulation (see also Braverman 1974) to the “new economy”, by making them amenable for deployment in the increasingly dominant service sector.

Although Head’s contribution is a much-needed remedy to the mass of depoliticised analyses, his emphasis on continuity misses the crucial transformation in which ERP systems are implicated – “financialisation” – the switch to an economy motivated by *financial* capital. ERP systems started to be installed *en masse* in the 1980s – around the same time that the predominant model of capitalism, which has its roots in the United States, shifted away from the welfare capitalism (Ho 2009) that characterised Fordism.¹⁹ At the same time the stock market became markedly more important in the allocation of resources (Lazonick 2010). For many authors the defining feature of this “new economy” is the rise of “shareholder value” as the principle mechanism of corporate governance (see Ho 2009, Lazonick & O’Sullivan 2000, Williams 2000, Boyer 2000, Froud et al. 2000, Milberg 2008, Lazonick 2010). How shareholder value became entrenched as *the* guiding corporate ethic is a historical process which has been discussed by scholars of multiple disciplines. Anthropologist, Karen Ho, identifies the takeover movement in the United States as crucial: “[it] culturally commoditized and transformed the very definition of a public corporation: the corporation *became* its quickly exchangeable stock in the financial markets, and its primary mission was to increase its stock price” (emphasis in original, 2009: 129). Political economist William Lazonick, emphasises instead the success of open standards technology, which began with the IBM PC and its “Wintel” architecture, and laid the foundation for the proliferation of what he calls the “New Economy business model” (NEBM) (2010: 4).

¹⁹ By welfare capitalism, Ho denotes the period from the New Deal to the takeover movement of the 1980s, in the United States, when the corporation was seen as a social institution, “an organisation with constituents and responsibilities well beyond the individuals and institutions that owned stock in the corporation” (2009: 124).

Without proprietary technology to invest in, the old economy regime of “retain-and-reinvest” was replaced by a mantra of “downsize and distribute” (Lazonick and O’ Sullivan 2000, Lazonick 2010). Companies focused on their “core competence”, outsourcing other parts of their business in their pursuit of short-run shareholder value (Lazonick cited in Milberg 2011, see also Milberg 2008).

Lazonick gives an explanation of a frequently referenced historical transformation, from what he calls the Old Economy business model (OEBM), what others have described as Fordism (Massey et al 1992, Mathur 1998), to the NEBM, which can be approximated to post-Fordism (Kasmir 1999, Amin 1994) or the era of “flexible accumulation” (Harvey 1989). In doing so he comprehensively documents the changes in employment relations which accompanied the new economy (Lazonick 2009a, 2009b, 2010), in particular the demise of life-long employment which characterized “the organisation man” (Whyte 1956). This entailed the removal of commitments made by corporations to their employees which formed the social contract of Fordism, “the stable labour contract, the 40 hour work week, the family wage” (Kasmir 1999: 381), so marking the end of so-called welfare capitalism in the United States (Ho 2009). Instead “flexibility” became the structuring metaphor, that is, flexibility for the employer, realised through outsourcing and casualisation of the labour force – a model which has its origins in the Japanese model of mass manufacture, often termed Toyotism (Head 2003). Also known as “just-in-time” production, this model, which was championed by Japanese automobile giants, Nissan and Toyota, laid a precedent for the practices of “flexible specialisation, worker empowerment, worker autonomy – used to define the role of employees in the ‘new economy’” (Head 2003: 38).²⁰ But although flexibility bears surface resemblance to the casualisation of the workforce which existed long before the new economy, the “remit” of flexibility has changed. It has shifted from being, primarily, a means of increasing profitable output (by reducing the investment in permanent labour) to a means of inducing gains in shareholder value (by producing a lean balance sheet).

²⁰ Josh Whitford makes the claims that the model of production which underpins the new economy is not modeled on that of the old economy, but with the vital materials of the old economy. According to him we are seeing “a new old economy: the new organisational forms are built with the pieces and practices and in the institutional context of the organisations that came before, not on them” (2005: 111).

According to Lazonick, enabling the proliferation of flexible labour markets is “the rise of flexible capital markets in the form of venture capital, a phenomenon that took root in Silicon Valley in the 1970s as a distinctive financial services industry dedicated to the formation of new firms” (2010: 5). In short, he argues that underlying the changes in employment relations which marked the new economy, is the reallocation of capital.

“Through the possibility for [*sic*] doing an IPO or a merger-and acquisition (M&A) deal, the rise of the NEBM also relied on prospective stock-market gains to induce financial capital accumulated in the Old Economy to be transferred to the New Economy in the form of venture capital.” (Lazonick 2010: 6)

For Lazonick, the escalating number of takeovers which began in the 1980s, cited by Ho as the historical moment of transformation, is the *symptom* of a new model of financing which works to funnel capital into the establishment of a new economic regime – the new economy.

Some of the companies that benefitted from this regime change are the pioneers of open standard technologies – Microsoft, IBM and also ERP vendors, SAP and Oracle – these are, in rank order, the four largest software companies in the world.²¹ These companies are also some of the world’s most valuable. ERP vendors, in particular, have profited from the introduction of managerial techniques which accompanied the proliferation of the NEBM.²² In the field of management science, Julie Froud and her co-authors note the startling ascent of “value-based management” – a system of management with the express objective of increasing shareholder value – and the role of consultancies in establishing this new managerial orthodoxy (Froud et al. 2008). In their analysis the content of this system of management is conspicuously

²¹ Although Oracle and SAP are by market capitalisation, the third and fourth largest software companies in the world, respectively, in terms of enterprise systems software, SAP has greater revenues than Oracle. See <http://www.softwaretop100.org/global-software-top-100-edition-2010> last accessed 20 Oct 2011.

²² In less than 40 years, market leader, SAP, has “conquered the world”, according to sociologists Neil Pollock and Robin Williams (2009). They use this phrase to denote the gradual infiltration of ERP systems into the furthest reaches of the global economy, which was achieved “one sector at a time”, starting with industrial manufacturing, then into chemical and other industries, and then finally to financial services and the public sector (*ibid.*).

absent – for one, they fail to make the link with ERP systems – nevertheless Froud et al. do argue convincingly that the “new economy” is a stable formation, supported by a set of working practices which diffuse the overarching goal of increasing shareholder value into the furthest reaches of the organisation. In contrast, Head propagates the oft-repeated line that the “new economy” is little more than the old economy dressed-up in the spectacle of technology (see Introduction to *Frontiers of Capital*, Downey and Fisher 2006). His description of ERP systems as a kind of Taylorist machinery is accurate but the contextualisation of his argument is misplaced. The relevance of ERP systems, for an analysis of how capitalism operates, derives not from their capacity to automate managerial techniques that resemble older practices of management, but the capacity in which these objects are deployed, which is based on accounting and more importantly on a new regime of value.

The task of moulding Chinese SOEs into global corporations reveals the inscription of ERP systems as a representation of modernity and vector of value. The mass of IPOs which were initiated by the turn to corporatisation in the 1990s, also led to a modernisation drive of the organisations that would be floated, often *prior* to flotation (Reimer 2003). To obtain the highest possible valuation, Chinese SOEs undertook the considerable investment of installing ERP systems to signal to investors that they had the managerial equipment identified with a modern corporation (*ibid.*).²³ This was particularly important for organisations which were once stalwarts of the former planned economy, and thus considered the antithesis of modern capitalist practice. That said, the practice of installing ERP systems to create the “right” representations of capitalism is not unique to marketising China; the proliferation of ERP systems around the world is inextricably linked to a more general shift towards, and the standardisation of techniques used to produce, the vital “input” of shareholder value – financial accountability.

This is a point acknowledged by ERP vendors. For example, in a white paper published on their website, market leader SAP state that their ERP systems are a tool for “operationalising value based management”, specifically describing them as “a way

²³ See Tuckett (2011), for the importance of management, specifically, the perception and detailing of “good management”, and which includes managerial infrastructure, in influencing the decision context in which investors make decisions about which stocks to buy and hold.

of adding transparency to the decision making process".²⁴ What is assumed in their discourse is the ethical currency of "transparency" – it is posited as an organisational "good". We find that transparency becomes a new object for demystification by anthropologists. Recent discussions of management and ethics in anthropology also inscribe transparency as a coveted corporate value of the new economy (for example Garsten 2008, Cross 2011). Frequently cited is the collection of essays edited by Marilyn Strathern, entitled *Audit Cultures* (2000), which take as their point of departure the growth of audit practices – techniques of producing transparency – outside the realms of finance (see also Power and Demos 1994, Power 1997, 2000, 2005). These techniques are not filed under value-based management but under the heading of "new managerialism", an ethos of management which first appeared in the British public sector in the 1980s. At the same time management consultants were being hired in their droves (Saint-Martin 2000). Writing about higher education in the UK (Shore & Wright 2000) and the BBC (Born 2006), anthropologists have discussed the destructive effects of new managerialism, giving an indirect account of management consultancy. The striking similarities between new managerialism and value-based management – for example, the recurrent orientation to checking, referred to by Michael Power as "the audit explosion" (Power 2005), and the proliferation of performance management (Shore & Wright 2000) – suggest that management consultancies have attempted to apply techniques of producing shareholder value to public institutions which are defined not by shareholders, but by a diversity of stakeholders. However this is difficult to say with certainty because, with the attention focused on the clients of consultancies, their accounts invariably fail to convey an overarching sense of how managerial techniques disseminated by consultancies fit into a comprehensive agenda or program of management. Furthermore, there is no mention of the corporate technologies which are required to disseminate and instantiate audit practices.

Elsewhere there have been muted attempts to approach management (and not managers) as a topic of anthropology, often from scholars outside the discipline. For example, in the field of management science, Stephen Linstead has discussed what an anthropology of management might look like (1997), and in the field of organisation studies Barbara Czarniawska and Carmello Mazza, in an analysis inspired by Arnold Van

²⁴ See SAP white paper, *Enabling Value Based management* (1999a: 3).

Gennep and Victor Turner, which draws on their own experiences as consultants, argue that management consulting can be represented by the metaphor of liminal space (2003). Like many others they focus on the role and position of consultants, rather than the object of consulting.²⁵ To date there has not been any attempt within anthropology to unpack what consulting is, let alone a full-scale ethnography of management consulting. This thesis attempts to address this lacuna to show how management consultancies have, in tandem with software companies, fundamentally changed the nature of work in the digital age, establishing material arrangements which reflect a new regime of value, one which privileges the exigencies of financial capital.

Instantiating a new regime of value is not, however, how Systeo's project of transformation is communicated within its own organisation. Instead, the emphasis is placed on the up-skilling of Chinese workers – improving the value-creating capability of Chinese workers within a *pre-existing* field of value production. Consultancy is legitimised not by recourse to the substantive content of consulting ("the stuff"), but by invoking an apparent deficiency of the Chinese economy. The narrative which is frequently mobilised within Systeo suggests that China's comparatively recent opening-up and switch to a market-oriented economy leaves it lacking the professional conduct and business acumen required to compete in the global knowledge economy, hence the *need* for consulting services and ERP systems. Although the content of this narrative features the specificities of the China context, the structure of this narrative – the appeal to a constructed deficiency of market-oriented prowess – is not exclusive to China. Systeo's self-inscription as market experts also underpins the legitimisation of consulting in the public sector more generally.²⁶

Circumscribing consultancy as the processes of up-skilling comes with the implication that the efficacy of Systeo's managerial techniques can be tested on their own employees. Shortly after I started fieldwork it became apparent that Systeo's internal management was based on the same techniques, and using the same equipment – an array of enterprise systems including the leading ERP systems of SAP and Oracle –

²⁵ Czarniawska and Mallo give a run-down of the various metaphors, which have emerged in cultural studies, in recent years, to depict consultants. These include: merchants of meanings, impression managers, gurus and witch-doctors (2003: 268).

²⁶ In established market economies such as the US and the UK Systeo lists a significant number of public sector institutions amongst its clientele.

that it sells as “consultancy”. That is to say, Systeo fashions its own organisation and workers as an exemplar of the kinds of organisation and subjectivities which it tries to reproduce amongst its clients. This observation is critical to the methodology that I adopt and the theoretical conclusions that I make. My investigation into what consultancies do can be approached through the mirror of the consultancy. An ethnography of Systeo, one of the world’s largest management consultancies, is an effective method of understanding the wider effects that consulting has on the economic landscape, since it provides a particularly self-conscious and self-referential example of the knowledge practices, of which ERP systems are a part, that are utilised by consultancies to enact transformation. Included in the analysis are the unintended effects of consulting – the production of subjectivities other than those delineated in their knowledge practices – from which Systeo’s internal organisation is not exempt. As will become apparent during the course of this thesis, a running concern for Systeo’s most senior management is the perceived failure of their in-house managerial techniques to seamlessly enact the transformations that they claim as the central content of their expertise.

By approaching consulting through the consultancy I make the same methodological move which marks *Liquidated*, Karen Ho’s ethnography of Wall Street. The crucial insight which her book rests upon is that the “culture of liquidity” wrought by investment banks on corporate America also characterises Wall Street’s institutional culture (2009: 7). Although we adopt a similar methodological approach, our theoretical foundations differ substantially. Inspired by Pierre Bourdieu, Ho argues that an examination of the investment bankers’ habitus, which requires unpacking the institutional culture of “Wall Street”, can shed light on the broader changes to established understandings of the market and practices of market-making (2009: 11). Whilst for me, the bridge between expert institutions and the practices they impose on their clientele derives from the particular knowledge claims which they put forward. Expertise is claimed through what I would describe as ontological isomorphism – to authenticate their expertise, and thus legitimize their hefty fees, management consultancies and investment banks construct themselves as “embodying” the effects that they claim to produce. Just as the investment banks in Karen Ho’s work see themselves as “incarnations of the market” (2009: 6), Systeo fashions itself as the ultimate value-based management machine. Its internal organisation is the testing

ground for the managerial techniques it sells. It follows that an examination of the inner workings of Systeo can provide ethnographic insight into the question of what consultancies do.

A large part of Systeo's business comes from commercial outsourcing – as we will see, ERP systems both institute the economic rationale for, and provide the technical means of, contracting-out. Similarly, its own organisational structure is based on what I term as the system of subcontracting. Split into “consulting” and “outsourcing”, Systeo runs its organisation through a contracting arrangement between these two main divisions, which are spatially separated [figure 1].



Figure 1: Systeo China – Map of Offices (Created by Mina Moshkeri)

Located in Dalian, a second-tier city in the North Eastern region, is the only one of Systeo's offshore service centres (OSCs) that is directed to internal use, i.e. outsourcing

within Systeo (the rest are reserved for commercial outsourcing). It is known as its shared service centre (SSC) – a term which will be explained in chapter 2. Here over 350 knowledge workers are employed in Systeo’s “back-office” which serves not only its consulting offices in China, located in the famous metropolises of Beijing, Shanghai, Hong Kong and Taipei, but also many of its consulting offices in Europe, North America, North East and South East Asia. Gaining access to this SSC proved crucial – only with access to this site would I have been able to observe the full operation of Systeo’s own organisation – how it runs on a foundation of outsourcing. Gaining access to its consulting office in Beijing and a number of client sites – the organisations of Systeo’s clients where the act of consulting is visibly carried-out – was the second critical step. Thus this study was informed by multiple vantage points, of Systeo’s internal practice of management and its external practice of selling management, i.e. consultancy, which vastly enabled the tricky task of grappling with the object of consulting, of enunciating what has been hitherto impossible to locate, let alone articulate – the object of consulting. From here I was able to extrapolate my analyses of Systeo’s internal organisation to explain how consultancy – the messy collection of socio-technical practices which are disseminated under the remit of market expertise – is *produced*.

Through an ethnography of one of the world’s largest consultancies, I am showing how financialisation, the critical shift in the regime of value, observed (largely) by political economists, is being *enacted*. I make the claim that consulting is the complex project of refashioning the “real economy” into financial assets. And that ERP systems are a means of automating and disseminating the fundamental practices of financialisation. In China, Systeo is disseminating the same modalities of value production that are implicated in the production of financial capitalism in the Anglo-American world.²⁷ In doing so it is reproducing the prevailing regime of value. China’s engagement with the global economy – the listing of these SOEs on the New York and London stock exchanges (Steinfeld 2010) – has undoubtedly influenced the shape that corporatisation has taken. It has, for one, provided a demand for capitalist institutions which provide expertise in the practices of financialisation. Indeed, the very fact that

²⁷ It should be noted that although Anglo-American capitalism has achieved hegemonic status, it is not the only major form of contemporary capitalism; most notably there are also German and Japanese capitalisms, which can be seen as an alternative or competitor to the Anglo-American model.

Chinese SOEs have hired Systeo, an American management consultancy, to overhaul their management practices in light of this shift to privatisation and corporatisation, is indicative of the kind of capitalism that is being instantiated in some of China's largest and most globally influential businesses. However, it should also be noted that in other aspects corporatisation in China is not practised as it is in North America or the UK. Le-Yin Zhang (2004) has pointed out that in China, unlike the Anglo-American model of corporatisation, only a third of all shares are classified as tradeable for a publicly listed company. For SOEs, the remaining two thirds are owned by the Chinese State making it the majority shareholder. According to her this has severely limited the potential disciplinary effects of public listing, and goes some way to explain the failure to yield improved efficiency (*ibid.*). Elsewhere, Richard McGregor, former Beijing bureau chief of the Financial Times, has argued that the role of the Chinese Communist Party ("the Party" or CCP) has been underestimated, and that it "deliberately downplayed its role in [corporatised SOEs'] operations" (2010: 47) and that beneath the veneer of market-oriented regulation the Chinese Politburo still retain control (2010: 46). However, McGregor's observations also seem to indicate that the rigours of stock market discipline, contra Zhang, is being imposed. He notes that one of China's largest SOEs – PetroChina – restructured its organisation for the main purpose of increasing share prices. In China, as in the US, large numbers of workers are being laid-off (see Ho 2009). He says:

"In the process of repackaging itself to sell a portion of its shares to foreign investors, the [PetroChina] group shed one million staff and the ministry disappeared altogether, leaving the company with little direct oversight from the government." (McGregor 2010: 61).

Despite the importance of economic stability for the CCP to maintain its political legitimacy, it has not maintained paternalist employment structures – the cradle-to-grave welfare system (known as the "iron rice bowl") which existed prior to market reforms. The iron rice bowl was gradually dismantled in the post-Mao reform period, marginally in the 1980s and more comprehensively in the second phase of reforms, reaching

nationwide implementation through the Labour Law of 1994 (Lee 2007).²⁸ The shift to privatisation and corporatisation has led to the same ruthless restructuring and changes to employment practices which has characterised the takeover movement in 1980s America, and “new managerialism” in Thatcherite Britain.

By situating my project in the context of post-Mao, reform era, China, I am able to observe the intersection of two separate projects – the spread to China of a regime of value that already dominates North America and much of Europe, being propagated by global management consultancies; and the project of modernisation, being pursued by the Chinese State. As each project is posed as the solution to the other, these projects converge in a timespace which proffers the vision of global hegemony as the ultimate reward for all parties involved – consultancies, software companies, and the Chinese State. At a time when the market for enterprise systems in developed economies has become saturated, the emerging economy of China represents the next big target for profit generation.²⁹ And with its abundance of SOEs vying for global domination and influence as potential emerging market multinational corporations, the Chinese State is a willing convert and wealthy client, prepared to swallow the hefty costs which come with enterprise systems installation, seeing it as a necessary step in the road to modernisation (Reimer 2003).

New Economy, New Subjects

Although management consultancies have been neglected in anthropological analyses of the new economy, they feature centrally in the works of cultural geographer Nigel Thrift, as one of the central institutions in what he terms the “cultural circuit of capital …[which is] responsible for the production and distribution of managerial

²⁸ Much academic literature documents the mass lay-offs of state-owned enterprises since the second phase of market reforms, for example Chan (2001), Steinfeld (1998). However, official discussion was prevented by classifying any information regarding the lay-offs as a state secret, according to McGregor. In his book, *The Party*, he notes his initial surprise at the refusal of Chinese State bank executives, who presided over national banks soon to be listed, to discuss the topic, given that job cuts would be seen favourably by foreign investors (McGregor 2010: 50). It would seem that although Chinese SOEs adopt similar practices to Western companies, the explicit disclosure of these practices, probably because they threaten the Party’s political legitimacy, is being hushed up.

²⁹ To quote one director of SAP “all the big customers (in the 1st world) are set-up now” (Head 2003: 154)

knowledge to managers” (2005). Along with business schools and management gurus, he implicates management consultancies in the spread of the afore-mentioned discourse of new managerialism. He focuses not on the concrete acts of dissemination, but on the rhetorical effects of knowledge which these institutions produce. His is a nuanced account of how and what kind of knowledge became central to economic processes, what he terms “soft capitalism” (for other accounts of a knowledge-based economy see Castells 1996, Barry and Slater 2002). Specifically, he describes the advent of reflexive knowledge as the primary output of management, which is devoted not to the retooling of productive capital but the refinement of labour – the production of particular kinds of subjectivities deemed desirable in the new economy (2000). His point is to locate the distinctiveness of management in the new economy, as compared to management in the old economy. Referring specifically to the managerial practices associated with modern corporations (Chandler 1977), Nigel Thrift and Keith Olds argue that the new economy marked “the emergence of the subject as explicit focus of management knowledge” (Olds and Thrift 2005: 274), which contrasts with Taylorist practices associated with the old economy which focused primarily on the work process.

The increasing managerial attention on subjectivity in the corporate arena, in particular, the production of idealised subjects, has also been noted in anthropology. Melissa Fischer notes the concomitant rise of the business anthropologist as the archetypal “reflexive managerial subject” (2006), a depiction which lends itself to corporate collaboration especially in industries built on a foundation of reflexive knowledge such as advertising and marketing (Mazzarella 2003, Applbaum 2000, 2009, Moeran 2010), and information technology (Cefkin 2010, Nafus and Anderson 2006). Other authors have provided ethnographic examples of the self-willed, dynamic, and flexible subjectivities that Thrift describes (Ong 1999, 2006, Dunn 2004, Hoffman 2010, Urcioli 2008, Freeman 1993, Xiang 2007) some also examining the mechanisms of subject formation. Of particular relevance are the analyses that have characterised changes in the style of governance in post-socialist contexts as the turn to governmentality (Dunn 2004, Collier and Ong 2005, Collier 2005), especially anthropological discussions of governance in China, which take the emergence of new subjectivities with the transition to a market economy as their starting point (Anagnost 2004, Yan 2003, 2008, Greenhalgh and Winckler 2005, Hoffman 2006, 2010).

In post-Mao China subjectivity has worked its way into everyday practice and public discussion via the discourse of *suzhi*, literally the “quality” of persons, which first came to prominence in the 1980s together with controls on family planning (the “one-child policy”). Ann Anagnost and Yan Hairong show how *suzhi* discourse, the rhetoric which emphasises self-improvement and the active cultivating of the self, primarily through education but also material consumption, has gone hand-in-hand with China’s rapid economic development. Anagnost argues that this particular discursive formation acts as a means of transferring value from one domain to another, i.e. exchange value, such that “human life becomes a new frontier for capital accumulation” (2004). Whilst Yan, through an examination of the connections between labour migration and recruitment, states that *suzhi* constitutes “a new ontological valuation and abstraction of human subjectivity” (2003: 494). Both of them claim that the active promulgating of *suzhi* discourse on the part of the Chinese state is directed towards the production of a neoliberal subjectivity, which is countered by Kipnis who questions the relevance of “neoliberal governmentality” to a study of *suzhi* (2007). He points out that the Party (the Chinese Communist Party) decides who has the highest *suzhi* – in this sense the discourse is part of an authoritarian rather than liberal government (2008). He also argues that the analogy of *suzhi* with exchange value made by Anagnost and Yan does not concur with the ways in which *suzhi* discourse is actually used by the Chinese government, or experienced by the populace, some of whom term it a “socialist legacy” (Kipnis 2006, 2007, 2008).

But the issue for Kipnis is not just one of ethnographic robustness, he argues, furthermore, that the relationship between cultural and economic capital described by Anagnost and Yan is in fact, “rather un-neoliberal” (2007: 391). Drawing on the work of Carolyn Hsu (2004) he shows that the emergence of new economic subjectivities in China, does not necessarily rest on the subordination of culture to “the economic”. *Suzhi* is defined mainly in relation to a person’s educational attainment, and correlates not with a person’s economic value but rather his/her moral stature. Those with high levels of education, for example college graduates, are described as having high *suzhi*, and are inscribed with a moral standing that is unconnected to their capacity to produce monetary wealth, whilst uneducated peasant traders who are described as having low *suzhi* are denigrated as having a questionable morality no matter how profitable their businesses are (Kipnis 2007). For Kipnis, *suzhi* is not a collection of cultural values that

can be flattened to a strictly economicistic reading, rather he shows how this discourse acts as an ethics – it delineates the moral standing of subjects who are subsequently categorised along these lines. Similarly, I attempt to show how the object of consultancy (“the stuff”) is more complicated than the apprehension of corporate values for the purposes of profit creation; it is also the creation of multiple corporate subjectivities, inscribed with different moral statures.³⁰ In both reform era China and consultancy, contexts which overlap in my fieldsite, we have the production of multiple, relationally defined subjectivities, not one idealised subject, linked together by a common ethics.

The debate on *suzhi* highlights the multiple conceptions of value which inform analytical discussion. As David Graeber puts it, the differences between “values” in the sociological sense – notions of what is desirable or good - and “value” in the economic sense, the degree to which objects are desired (1991: 1-2).³¹ He puts forward his own theory of value which takes as its starting point the evaluation of actions (rather than things) and is concerned with what people see as a good and proper life, deploying a mode of analysis which trammels these multiple conceptions of value. Citing Victor Turner he argues that “both really are refractions of the same thing” (1991: 78), and what is critical is the media in which value can be realised, which can range from money to symbolic performances (*ibid.*). In other analyses values and value, and their distinction, are seen as part of the same cultural whole. Take, for example, the culturalist accounts of the economy by Marshall Sahlins (1976, 1988, 1996) and Stephen Gudeman (1986, 1990) which reveal the rooting of economic processes in culturally-informed cosmologies. However, anthropologists have also promulgated the bifurcation of values and value adopted by economic sociologists (for a description of the historical antecedents of this separation, its origination in “[Talcott] Parson’s pact” with the economists, see Stark 2000), studying what capitalism looks like when it “lands”, i.e. when embedded in a nexus of local values (Kasmir 1999, Mathur 1998, Yan 1997), or by defining “the economic” in contrast to, as opposed to woven into, local moralities (see the vast literature on moral economies). But to unpack consultancies’ central claim – that they create value – requires an examination of the entwined invocation of both

³⁰ In depth discussion of these subjectivities, how they are defined in opposition to each other, and also within an overarching ethic of shareholder value, is featured in the chapters that follow.

³¹ In his review of existing anthropological approaches to value he mentions a third conception, value in the linguistic sense (which stems from structural linguistics of Ferdinand de Saussure) – glossed as “meaningful difference” (*ibid.*)

these conceptions of value. If the new economy is underpinned by a new regime of value – financialisation – then how is value rendered under this new regime?

Anthropologist Daniel Miller suggests an alternative to the much-cited theories of Ricardo and Marx – a theory of value built from “the ethnography of the term as used colloquially throughout modern governance and commerce” (2008: 1122). Rather than starting from the assumption that economic value is embedded in a separate entity, that of local cultural/social values (Granovetter 1985), he argues that economic value, monetary worth, is spun out of the values which inhere in context (see also Slater 2002). For Miller, the primary distinction is not between economic and non-economic value, but between alienable and inalienable value – he is interested in how these two different types of value are simultaneously invoked in everyday use of the term “value”. Similarly sociologist David Stark has argued that value is created through processes of evaluation – the drawing of equivalences between different scales of *worth* (2000). His suggestion is to develop a concept of accounts – a term which encompasses both narration and evaluative principles. He says, “[I]t is always within accounts that we ‘size up the situation’, for not every form of worth can be made to apply and not every asset is in a form mobilizable for a given situation” (Stark 1990, 1996 cited in 2000: 17). Both Miller and Stark formulate their arguments as theoretical proposals as opposed to theoretical conclusions, although Stark’s emerges from his previous ethnographic excursions into evaluative principles, including an ethnography of arbitrage traders in New York carried-out with Daniel Beunza (Beunza and Stark 2004), whilst Miller’s analysis is predicated on secondary readings of value. His examination into how value is currently *used* (which mentions the management consultancy and its role in promulgating shareholder value) culminates in a call for a mode of analysis which works out how the bridge between alienable value and inalienable value “actually works” (2008: 1130), a task which involves deciphering the “everyday cosmologies by which people, and indeed companies and governments live” (2008: 1122).

In many ways this is what Thrift attempts to do. The cultural circuit of capital describes a system of value production which stresses the simultaneous and interlinked production of cultural and economic capital, rather than the conversion of cultural capital to economic capital. Management consultancies, management gurus and business schools are not only extremely profitable institutions; they are also culturally authenticated. Thrift shows how the legitimisation of the knowledge that these

institutions tether is created through reinforcing rhetorical effects – the work of these institutions is to produce the very effects that acquire value in this system, hence the proliferation of “performing cultures” in the new economy (2000). By mounting an exposé of the rhetorical underpinnings of their “expertise”, he also demonstrates, without explicitly stating it, how these institutions in collusion with each other are able to obfuscate from view this system of value production (Thrift 2001, 2005, Olds and Thrift 2005). In other words, the efficacy of this system is directly related to the ability of management consultancies and their sidekicks to produce legitimating representations.

The importance of representations in this new era of capitalism is also discussed by Anna Tsing, who uses another term, “the economy of appearances” (2000, 2005) to denote the prevalence of practices of representation, and their performance, as a mechanism to elicit value. She states that,

“the self-conscious making of a spectacle is a necessary aid to gathering investment funds (...) In speculative enterprises, profit must be imagined before it can be extracted; the possibility of economic performance must be conjured like a spirit to draw an audience of potential investors. The more spectacular the conjuring, the more possible an investment frenzy. Drama itself can be worth summoning forth” (2000:118).

Tsing delineates how representations and profit are held in the same framework of value, the former capable of “hailing” the latter. Thrift, similarly describes the wealth of visual techniques, which underpin the new reflexive business knowledge being spread by management consultancies, as critical to the constitution of the cultural circuit of capital.

Linking the two, representations and (the production of) profit, is a structure of inalienable value or to put it more simply, values. They are “frozen in the written word or number (...) encapsulated in visual representations: graphs maps, charts, diagrams, which envision the organisation and give its position in the “economy” (Buck-Morss 1995, cited in Thrift 2005: 81). The structure of his argument renders defunct any attempt to “unveil” a hidden meaning behind these representations – the common move of Foucauldian critique. Instead my reading of Thrift is that he puts forward the claim that representations can have an authority of their own, that is to say, an authority

which is not a derivation of some “signified” entity. He shows that representations in the new economy organisation exist not as signifiers but as part of the ethical fabric of reflexive praxis.

Michael Power (1997) and Mary Poovey (1998), the latter a scholar of literary studies, demonstrate that numbers are a particular example of a representation which commands its own authority, and which inscribes expertise (ibid.). Rather than seeing numbers as an artefact of abstraction, devoid of ethical imperative, as is often assumed in descriptions of “disembedding” (Carrier 1998, Miller 1998), Poovey shows, through an historical account of double-entry book-keeping (which dates back to the 15th Century), how the incorporation of numbers into a system of writing has specific social effects – bestowing certain beliefs and ethical inscriptions such as “honesty” onto its users (1998: 30) – and epistemological effects – generating the modern fact.³² Poovey’s argument can be seen as an extension of the earlier point made by Tsing and Thrift – for her numbers are also implicated in the *production* of an ethics in which they are also suspended. The same could be said of Powerpoint. A piece of software designed to automate the production of visual representations, Powerpoint has also led to radical changes to the epistemologies of workplaces, through its use as a technology of persuasion (Stark and Paraval 2008). Moreover Powerpoint acts as a crucial prop to the production of a professionalised ethic, as management consultants, including Systeo’s, know all too well. One of the “deliverables”/outputs of consultancy that Systeo supplies to their clients is a Powerpoint “deck”, which both describes the act(s) of consulting – the IT installation that they carry out – and also inscribes these acts with an ethos of professionalism (see also Yates and Orlikowski 2007). It is as a device of ethics, rather than “pure” representation, that consultants plough extensive effort into the production of these decks, leading them to acquire a dazzling proficiency of Powerpoint over the course of their careers at Systeo.

By presenting Poovey’s work on double-entry book-keeping alongside examinations of Powerpoint my aim is to show how this dual aspect of representational technologies – the production of representations and an ethical imperative – is not

³² Poovey’s book, *A History of the Modern Fact*, describes the epistemological transformation engendered with the generation of the modern fact, which is “assumed to reflect things that actually exist, and they are recorded in a language that seems transparent” (1998: 29), in contrast with “ancient facts, which referred to metaphysical essences” (ibid.)

novel nor peculiar to the new economy (see also Bear 2007). Rather the significance of the information and communication technologies or “ICTs”, which has often been commented on in connection to the new economy (see Thrift 2001, Downey and Fisher 2006, Sassen 2005, Zaloom 2006, Aneesh 2006, Upadhyay 2009), derives from another “agency” that ICTs possess, one which, according to Thrift, comes about by virtue of their massive costs (2001). For him (expenditure on) technology is a financial leviathan which impels its own use – like debt, there is a social obligation embedded in ICTs. As he puts it, “[ICTs] produce an expectation of usage, complete with its own morality of usage where ‘good companies’ have and use ICT” (Thrift 2001: 415). This point is particularly applicable to ERP systems, which, however, he does not mention. Indeed, he dismisses the wider management paradigm which ERP systems are part of – reengineering – as a “fad” (Thrift 2005: 84).³³ However, through the cultural circuit of capital he does make the crucial link between management consulting and the interests of finance. It is worth quoting him at length:

“the new economy depended upon the sheer amount of expenditure on ICT able to be unlocked by the cultural circuit and finance working in lock step. (...) the success of the new economy arose from its ability to disclose, to bring out, a new kind of market culture as a frame in which technology could be constantly modulated and so constantly redefined – to the advantage of many stakeholders. In other words, the triumph of this new culture resulted from an act of redescription, which provided a peculiarly open means of framing the world as a set of becomings which kept the possible possible and thereby initiated a new style of doing business.” (Thrift 2001: 428-9).

In short, technology is part of the means of enactment of a new market culture. Thrift draws attention to how technology is implicated in the redescribing of economic processes in a way that is not reducible to technological determinism (see also Zaloom 2006a, 2006b, Preda 2009, Barry 2001). Rather, the potency of technology derives from how, entwined with human agency, it is implicated in the reframing of the conditions of possibility – what I would term the ontological premises of business. In the section that

³³ The continued proliferation of these computer systems that I document in this ethnography puts paid to that claim.

follows I will consider recent approaches to ontology in the field of science and technology studies (STS) as possible theoretical frameworks of enacting a new regime of value. But first I will look at how the intervention of social reality in organisational contexts has been conceptualised by experts of management – practitioners and academics – as a practice of culture.

Culture, Ontology and the Socio-Technical

Although managerial techniques have long been seen as a means of generating value, it is only comparatively recently that management, as a set of knowledge practices, has been connected to the production of subjects who embody these value-creating mechanisms. George Marcus (1998a) has described this as a shift from hard to soft management, that is, from scientific management to “corporate culture” – a concept which has gained traction since the advent of the new economy. Somewhat surprisingly, given the overlap in nomenclature, anthropologists have given corporate culture a rather short shrift.³⁴ When it does enter anthropologists’ accounts it is mentioned as means of fashioning the knowledge worker (Upadhyay 2006, 2009, Bear forthcoming), or used interchangeably with institutional or organisational culture (Ho 2009, Garsten 1994, Wright 1994), or examined as a new culturally informed and inflected corporate form (see the collection of essays in Marcus 1998b). Outside of anthropology, however, corporate culture has a cult following. It is a term coined by management consultants Terence Deal and Allan Kennedy who define “values as the bedrock of any corporate culture (...) [they] provide a sense of common direction for all employees and guidelines for their day-to-day behaviour” (Deal and Kennedy 1982: 21). Corporate culture is widely disseminated by management consultancies which parade culture as a badge of their expertise, and it has become the topic of extensive investigation in the discipline of organisational behaviour (OB), where it is conceptualised as a managerial tool which can calibrate human relations (for example, Kunda 2006, Schein 1985), even to specific

³⁴ It could be said that anthropologists have tried to distance themselves from this concept, indeed, most of the attention on corporate culture, from anthropology, has come in the form of critique. George Marcus (1998) and Susan Wright (1994) observe that within organisations corporate culture is an ideology, making the point that it does not refer to the organisational or institutional culture *per se*, rather is just one of the many strands of cultural discourse found within the locale of the firm.

national cultures (for example, Hofstede 1980).³⁵ These accounts of corporate culture, which are also invoked in Systeo's practice, not only postulate that culture can produce the desired corporate subject, as anthropologists have documented in their critiques (Marcus 1998, Wright 1994), but that these subjective effects translate into a wholesale transformation of social reality. That is to say, when the subject is construed not as a constituent of social reality but rather its vital substratum, as it is in the new economy, culture becomes the means to engineer social realities. Culture is posited as the explicitly stated medium with which management consultants enact transformation.

However, the exact mechanisms of corporate culture are frustratingly opaque to theoretical investigation. For its proponents, OB theorists and management consultants, a template of corporate values and its dissemination into all vestiges of the organisation – both at the levels of (embodied) practice and narrative – is critical. Effective dissemination can be discerned via a “strong” corporate culture (see Deal and Kennedy 1982) – one that shows internal consistency within the organisation in question, thus indicating effective replication of the stated values. Those who have tried to explain how dissemination occurs have concentrated mainly on the most visible acts of transmission, for example, acts of self-presentation, corporate rituals and language (for example, Kunda 2006). The revolution in ICTs is conspicuously missing, and curious, given the prevalence of technology as a means of refashioning for management consultancies. In contrast scholars from science and technology studies (STS) have taken on with gusto the task of exploring the relationship between technology and social reality, although without drawing on corporate culture. Instead, theirs is a program carried out through the lens of ontology.

A specific definition of ontology, which I appropriate in this thesis, can be succinctly summarised by a term conceived of by John Law and explained by Annemarie Mol, both STS authors, in an article of the same name – “ontological politics”. The coupling of ontology with politics reflects the definition of ontology which is being mobilised, described by Mol as “what belongs to the real, the conditions

³⁵ OB was created by anthropologists by way of the pioneering Hawthorne studies that initiated the splitting-off of OB from anthropology, to the detriment of organisational anthropology (Bates 1997, Hamada 1994)

of possibility we live with" (1999: 75). She goes on to say that these conditions are not a given:

"reality does not precede the mundane practices in which we interact with it, but is rather shaped within these practices. So the term *politics* works to underline this active mode, this process of shaping, and the fact that its character is both open and contested" (ibid.).

For Mol there is not a single reality which can be observed from multiple perspectives (i.e. perspectivalism) but rather multiple possible realities which can be "done and enacted rather than observed" (emphasis in original, Mol 1999: 77). Moreover, these multiple realities can co-exist in the present; she embraces ontological multiplicity (Mol 2002). This is an approach which shares intellectual kinship with the work of Marilyn Strathern, who goes about rethinking the anthropological assumption of ethnographic wholes constituted from a number of "parts" which reflect a general taxonomy or structure (1991: xx, 109). Instead she argues that the ethnographic object can be multiply enacted and that we can, at best, grasp "partial connections",

"the enactment or realisation of a relationship is an elaboration on its existence. In making connections visible, people assert their ever-present capacity to act upon them" (Strathern 1991: 102).

Strathern's argument seems particularly apt for ethnographers of unwieldy objects such as the management consultancy which don't fall neatly into established/traditional categories of analysis – an attempt at ethnographic holism here would be short-lived, if not impossible. Instead the focus is placed on how a particular ethnographic reality comes into view, an approach which clearly encompasses the reflexive turn in anthropology, and, more specifically, how an ethnographic reality is sustained (Strathern 1996: 53).

To that end, many STS scholars have drawn attention to objects and the role they play as part of "actor-networks". For example, Mol includes in her analysis tools – non-human agents – to examine how reality can be performed or intervened with,

through practices (see also, for example, Law 1998, 2001, Woolgar 1991, 2002, Latour 1993, Callon 1998).³⁶ Of particular relevance is John Law's analysis of a management accounting system which was introduced in the 1990s and, from his description, shows some similarities and differences to the ERP systems peddled by Systeo. Law makes clear the distinction of ontology from epistemology, that accounting systems engender not only epistemological effects – new forms of knowledge – but also ontological ones – the creation of “a new organisational world or *object* [A]nd a new kind of knowing *subject* or manager” (1996: 281). In short, the distinctive aspect of these systems is the ontological character of the representations that they present. For him, the organisation is not a single reality, but rather it slips between what he calls different “ontological regimes” (1996: 282). The installation of an accounting system makes one particular regime dominant, in the sense that this tool is able to influence what is *counted* – as a subject, as desirable, as warranted. His approach is very much to call into question the idea that technology has a given purpose and fixed effects, what he terms decentring. So the qualities that are associated with these new accounting systems, and which are brought to bear as the knowing subject, are not matters of technological determinism, but rather are “produced artefact(s)” (Law 1996).

The question is how does an ontological regime achieve stability. The concept of “socio-technical arrangements” is frequently drawn upon by STS (inspired) scholars; it refuses an essential distinction between “the social” and “the technical”, and concomitantly the purification of society from technology (see Latour 1993). Rather it is the inseparability of the two that confers stability. An extensive literature has emerged in recent years, which examines an array of socio-technical arrangements found in financial markets. The objects of analysis range considerably, from mathematical equations (Mackenzie 2004, Millo and Mackenzie 2003), credit scorecards (Poon 2007, 2009), to trading spaces (Zaloom 2006a, 2006b, Beunza and Stark 2004). One way of looking at socio-technical arrangements is to see them as part of an reenactment or re-specification of ontology (Woolgar, personal communication) – for me this is most clear in the examples of socio-technical devices and systems discussed by Law and Mol, and which

³⁶ Law also has another term, ontological interference, referring to the fact that “realities are being done, but are also complex, non-coherent, uncertain and in interference with one other” (2004: 5).

are not obviously included in financial markets. Alternatively, in the social studies of finance (SSF), socio-technical arrangements are invoked as a means of entrenching a system of knowledge – that of economics – “as fact” (that is, as a scientific proposition) – through a process of continuous translation (see Mackenzie et al. 2007, Callon et al. 2007). This has been described as the “performative turn” in actor-network theory (Licoppe 2010), since many authors working in SSF draw on the thesis of performance propounded by sociologist Michel Callon, which draws attention to the entwining of material and discursive forms in socio-technical practices, to expose what economics *does* (Callon and Caliskan 2009). Callon argues that economics “performs, shapes and formats the economy, rather than observing how it functions” (Callon 1998: 2) – a task which requires not only human bodies but also “prostheses” – devices which coordinate interaction between actors with different calculative capacities (Callon 2006, Mackenzie 2009).³⁷

To say that reality is performed or enacted is not to say that it can be done in a purely instrumental or flawless fashion. Certainly consultancies set-out to intervene in social reality, but, as we will see, the outcome is not the same as the depiction of social reality that they sell – their clients do not become highly efficient productive machines. Instead consultancies “give” their clients a clean bill of financial health. That is to say, social reality does not, as a result of their socio-technical practices, converge isomorphically with the episteme that they peddle. Rather, it is by taking seriously the proposition of ontological multiplicity that we open-up the possibility of partial connections between different regimes of value. The work of financialisation – of transforming the productive economy into financial assets – builds upon pre-existing understandings of value, namely those invoked under Taylorism, not their total obliteration. Reframing the conditions of possibility of business is a socio-technical practice, which requires calculative devices (ERP systems), the effects of which are not pre-determined or easily decipherable.

³⁷ For an alternative to, and a critique of, STS approaches to finance, see Riles 2010.

Fieldwork methods

In the afterword of *Frontiers of Capital* Saskia Sassen notes that many of the contributions in this edited volume on the new economy turn on a well-known trick of ethnography – they focus on moments of rupture, or what she terms “unsettlement”, to acquire the necessary ethnographic traction (2006: 306). In this way the sites of capitalism which these writers describe – which include trading floors and central banks – are also sites at the edge – “the edge of economic operation, the edge of systems of inclusion, the edge of technology” (ibid.). Even when the object in question lies so squarely in the centre, the anthropological preoccupation with the margins endures. The suggestion here is not one of latent exoticism, rather we are reminded of the potency of marginality for the sake of ethnographic clarity – for Sassen the edge is “an extreme condition” where we can get a handle on the slippery knowledge practices which play such a critical role in the formation and operation of global capitalism.

With the edge in mind, I began the arduous task of gaining access to a global consultancy in a place which many people in Europe and North America will probably have never heard of, let alone consider to be an appropriate place to study consulting – Dalian. For those familiar with the consulting industry, Chicago – the birthplace of the consultancy, and home to the headquarters of many of the world’s most famous consultancies – would be a more obvious starting point.³⁸ But Dalian is China’s IT-outsourcing capital, the “back-office” home for a plethora of Fortune 500 companies, including many of the leading players in the world’s global finance and consulting sectors. I went there originally to carry-out research only in the (IT-) outsourcing platforms of consultancies, interested in the forms of rationality which are inscribed in practices enacted in hi-tech workplaces. However, I soon found that any such delineation of IT-outsourcing as a free-standing entity (as it appears in the existing literature, see Kessler 2006, Upadhyia 2009, Ross 2006) would be erroneous. Outsourcing cannot be separated from consultancy; it is crucial to the production of management consulting, for this is an industry which has become dominated by IT-enabled management techniques (McKenna 2006) and which, as this thesis attempts to show, propagates a logic of subcontracting. The relationship between outsourcing and consulting is made even more manifest when we look at the particular factors which

³⁸ See chapter 2, McKenna (2006)

underpin Dalian's growing popularity as an outsourcing destination – not only the abundance of cheap, well-educated labour that can be found in Dalian, but the potential foothold in “the Chinese market”. What makes China, and therefore Dalian, more attractive than other low-cost hi-tech bases in the world (such as Bangalore and Manila), is the mass of new, and wealthy, procurers of consulting that can be found, and which is linked to the afore-mentioned modernisation of China's economy. But the relative youth of the consultancy industry in China meant there were still teething problems, at least from the point of view of consultancies. A whole industry of language and culture trainers has emerged, claiming to iron-out the wrinkles in professionalism which beset these global entities, problems which were narrated as emanating from culture – the disruption posed to corporate culture by local culture, and cross-cultural misunderstanding between “East and West”. In fact, it was one such trainer who eventually introduced me to Systeo. An English instructor from Europe who had lived in Dalian for over 5 years, he could see the potential attractiveness of an anthropologist to these companies, giving the first indication of the existence of rupture, “the edge”, which I would eventually apprehend, as I discuss later in this section and in chapter 4, for my own project of access into and within Systeo.

And it was a project. I lived in Dalian for almost 6 months before getting the final confirmation from Systeo that I could begin fieldwork inside their offices. During that time I spent almost every weekend, and many weeknights, meeting with expatriates who worked for the consultancies which had set-up outsourcing operations (like Systeo's OSCs) in Dalian. Luckily, expatriate circles in Dalian are close-knit and concentrated in a small number of bars, clubs and restaurants. It was relatively easy to meet them, although their penchant for hard liquor meant I had to learn to hold my drink if I was to informally “pitch” my fieldwork to them at the same time. In the day I took classes in advanced Mandarin at the Dalian University of Technology which was conveniently situated next to the first, and most established, of the city's hi-tech zones – “Dalian Software Park” (DLSP). I also interviewed professionals, Chinese and expatriate, who worked in the very companies that I was targeting. This gave me useful insight into these companies, their internal structures, modes of operation, personnel issues, which helped greatly with my subsequent negotiations for access with more senior management. Studying and interviewing by day, and networking by night, proved to be an exhausting schedule. But eventually the effort began to pay-off. Four months

after I arrived, I managed to secure a number of meetings with managers, some of them (Chinese) HR managers, others expatriate overseers, of global consultancies, where I would be given the opportunity to give a formal pitch – to explain why they should grant me access for a one-year period of fieldwork, and more importantly, what would be in it for them. This was often expressed bluntly by these managers – they asked me how I could “add-value” – a trope that, as we will see, would come to dominate my fieldwork.

In my initial plan to carry-out fieldwork of (IT-) outsourcing platforms I had wanted to compare the practices of reason which inhere in a European or American consultancy, with those in an Asian one. (Dalian’s proximity to Japan and South Korea meant it was the world leader in North Asian outsourcing.) However, I soon learnt that this would be impossible. In the formal and informal pitches I realised that one of the primary concerns was confidentiality – consultancies appeared to be paranoid about what they saw to be their intellectual property (for a detailed discussion, see Kessler 2006) and would almost certainly refuse access to an outsider who was also associated with a competing firm. Given that I don’t speak Japanese, or Korean, it was obvious that I would narrow the scope of my study to European or American firms only. I managed to set-up meetings with many of these firms. My pitches were often favourably received by the managers based in Dalian, who welcomed the prospect of a free English trainer, not to mention the cultural expertise of an anthropologist who could lend a “fresh pair of eyes” to their internal management processes. But later I would be refused by an authority situated higher-up the chain of command – personnel in offices in Beijing or Shanghai, or headquarters located abroad. So I found myself in January 2008, 4 months after I arrived, without the access that I had set out to obtain, feeling extremely demoralised after 6 successive rejections and faced with the prospect of jettisoning institutionally based fieldwork. Everything rested on the final pitch I had lined-up. It was to Systeo. After a series of email communications, a face-to-face pitch to two managers in Systeo’s SSC, my request for access was “escalated” to “senior management” who gave their approval for me to start fieldwork in March 2008. In exchange I would give English classes and a “management report”, a summary of my findings at the end of fieldwork.

Although I was eventually successful I have detailed the difficulties of securing access to contextualise the anxieties that I had once I was *inside* Systeo. If, for whatever

reason, my access was terminated, the chances of getting access to a similar institution were extremely slim – this played into a fear of being thrown-out of Systeo, a fear which plagued my everyday experience of fieldwork. In such a setting ejection would be as easy, and as unceremonious, as pressing a key to disable my building pass. There were also other reasons to feel anxious. For one, my exact position in the organisation was characterised by ambiguity. There was never an official announcement of my entry, let alone an explanation that I was an independent party carrying-out research for my doctoral degree. Furthermore, my original gatekeeper, the “senior management”/director of the SSC, was based outside of China so I could not rely on her to make any introductions; it was clear from the start that I would need to constantly negotiate (and re-negotiate) my own terms of access within and between the different echelons of the organisation since almost no-one knew who I was. Nor would they have guessed from my appearance since I could pass for many of my informants. British Chinese, in my mid twenties, I could be taken for one of Systeo’s 4,000-strong Chinese workforce. It may seem that such invisibility would privilege the ethnographic approach of investigating from the bottom-up rather than the top-down, but in fact I found that in the absence of senior-level “endorsement”/acknowledgement, lower-ranking employees were worried that talking to me would, in some way, transgress established hierarchies, and client confidentiality agreements. Consequently, much of my energies went into establishing my own legitimacy within Systeo – carving out a space from which I could operate, that would make Systeo’s employees, of all ranks, comfortable with talking to me about their everyday work. This required moving beyond my initial position as an adjunct to Systeo’s business – an English trainer to its employees – to full participation in the production of consulting.

From the start, I made it known that I was willing to work unpaid, to facilitate contact with employees and give me first-hand experience of the Systeo consultancy machine. However, in the SSC where I started, “work” amounted to little more than editing internal literature and communications, and employees were reluctant to discuss their jobs. After two months I found out that one of the managers that oversaw the operations of the SSC had gone above the head of the SSC director (my original gatekeeper) and sent out an email expressly communicating that workers were not to disclose any information to me about Systeo. Nevertheless, she did want me to expand the number of English classes I would give to her subordinates. Unhappy with the

arrangements, I sought out opportunities in other parts of Systeo, which would also provide insight into the consulting side of the business. One such opportunity came from the SSC director, who asked me if I would like to participate in an internal management project concerning Systeo's corporate culture.

So after three months in the SSC I moved to Systeo's Beijing consulting office, where the key members of this project were stationed. The ostensibly overlapping content of anthropological and consulting expertise – that of “culture” – surely facilitated, if not informed, my invitation to participate in this project. In any case, with this position came a new means of producing anthropological knowledge – through conducting collaborative anthropology (Holmes and Marcus 2006). By designing a piece of research for Systeo which addressed a moment of “unsettlement” (Sassen 2006), or put differently a narrative condition of “crisis” (Roitman, forthcoming), of corporate culture that it was claimed had besieged Systeo's China practice, and which I discuss in greater length in chapter 4, I was able to get the kind of access which facilitated an examination into what consultancies do. Through participation in this project I acquired a title of sorts (described variously by employees as a “sociologist/intern/Phd student/researcher”) and was treated as an internal consultant to Systeo's corporate culture – a position which conferred access to Systeo's HR department, internal corporate training, corporate social responsibility (CSR) initiatives, and entry to other consulting offices in Systeo's Greater China practice.³⁹

What I have discussed above, the cementing and clarifying of positionality, is just one of the problems that plague any anthropologist wishing to carry-out an ethnography of elites, especially in an institutional setting. Developed originally to study traditional often bounded communities, ethnography, defined as self-immersed, longitudinal, reflexive and participant-observational qualitative research (Bate 1997), is a method that has to be augmented considerably if it is to overcome the issues of “studying-up” (cf. Nader 1972, Gusterson 1997). As a modern networked organisation, the configuration of Systeo is starkly contrastive to a spatially bounded community (cf. Marcus 1986). Fieldwork was a multi-sited endeavour, which required boarding a plane, on average, once a month, to make return visits to Dalian and also observe corporate

³⁹ Systeo's Greater China practice comprises offices in Beijing, Shanghai, Dalian, Hong Kong, Guangzhou and Taiwan. I either worked-in or visited all the offices with the exceptions of Guangzhou and Taiwan. See figure 1 for graphical representation of fieldsites.

events in Shanghai and Hong Kong. Furthermore, the relations which inform traditional fieldwork are typically inverted. Power was usually skewed towards my informants, in part due to the temporal constraints placed on them. With the exception of workers in the SSC, Systeo employees worked to unpredictable schedules characterised by long hours which meant they rarely had time to “hang-out” with an anthropologist. The power imbalance was also related to inter-subjective dimensions of the ethnographic encounter. This was particularly acute with expatriate partners who were typically white, upper-middle class men in their forties, and whose subjectivity stood in stark contrast to my own. Born in the working class neighbourhood of Hounslow, London, to Chinese immigrants who moved following decolonisation from Malaysia to the UK in the 1970s, I am the first woman, and first person, in my family to go to university – a subjectivity not only at odds with expatriate partners but also the typical (albeit outdated) inscription of the anthropologist as a privileged, male, Euro-American, travelling to study (former) colonies. But if I was easily subordinated by expatriates, for Chinese employees I embodied the kind of cosmopolitan subjectivity which they admired, and made conscious efforts to realise. As members of China’s elite, most had travelled extensively outside of China, and many had studied in the West for at least part of their higher education and spoke near-fluent English, often with British or American accents.

The differences of this setting from more traditional fieldsites, however, are not restricted to that of context, they also include the object of analysis. It is instructive here to reiterate that my intention was not to research the lives of Systeo’s employees – this is not an ethnography of management consultants – but rather the modes of analysis which characterise their expertise, an approach which reflects the para-ethnographic character of expertise in this context (Holmes and Marcus 2006). A term devised by Douglas Holmes and George Marcus, para-ethnography encapsulates the particular relationship that experts, in the new economy, have to the knowledge that they are inscribed as experts of. Central bankers, in their case, and management consultants, in mine, are, similar to ethnographers, actively engaged in acts of interpretation – they are trying to make sense of the situation – a task which engenders the devising and utilising of analytical frameworks. To understand their expertise – what consultants do – is to focus on the analytical frame of management consulting. Therefore I did not conduct extensive life histories with my informants, or research collaborators as I call them, which is not to say I did not spend a considerable amount of time and effort to get to

know them. The ambiguity of my own status in Systeo meant that, if anything, I needed to pay extra attention to the issues of trust and confidentiality, and it was important to me to form robust relationships with employees of all levels of seniority. In part this was achieved by carrying out 57 interviews with Systeo employees of all ranks, working in the outsourcing and consulting divisions. The material gathered from these interviews do not form the main bulk of the data drawn upon in this thesis, but fulfilled my research collaborators' notions of what "research" consisted of, and helped to solidify my status as an independent researcher. Also, I periodically sent the HR director a report, updating her of my activities and preliminary "findings", during fieldwork, to keep her informed of the research.

Although the official language of Systeo is English, fieldwork was carried out in a melange of languages: Mandarin (*putonghua*), English and Cantonese. Communication between Chinese workers was often carried out in Mandarin, the national language of China, but the presence of just one non-Mandarin speaker (usually an expatriate) would cause the conversation to switch to English. And amongst expatriate managers who came from the former colonies of Hong Kong, Malaysia and Singapore, Cantonese was the language of preference. Although my parents are Cantonese-speaking, they chose, like many Chinese immigrants with aspirations for socio-economic mobility, to speak English at home. Thus I am unable to speak Cantonese but I can understand it fairly well. My proficiency in Mandarin is certainly far superior, having lived and studied in China, for almost one and a half years, prior to fieldwork. That said, I entered Systeo unconfident of my abilities to communicate in Mandarin in a business setting, and although my linguistic ability improved rapidly once I moved to the Beijing office and started working, I was always anxious that my errors in grammar, and intonation, would undermine my credibility in a setting paranoid with professionalism.⁴⁰ Language demands were exceedingly high, not least because many meetings were conducted through the medium of conference calls. Without face-to-face contact, the pressure to communicate clearly increased considerably, and my listening abilities were also tested to their maximum. Furthermore, passing as Chinese undoubtedly increased the expectations of Chinese employees who often spoke to me as if I were a native speaker; they were usually stunned when I told them that my parents cannot speak Mandarin.

⁴⁰ Mandarin (like Cantonese) is a tonal language.

In addition to participant observation and interviews, I also collected a host of written materials during fieldwork which I draw upon considerably in my analysis. These mainly consist of Systeo literature, including training materials (manuals, hard and soft copies of their powerpoint presentations), internally produced white papers, and information drawn from their intranet system (an internal website used to disseminate news and which gives a sense of how Systeo, the corporation, narrates itself) and their external website. All of these were obtained with the permission of my research collaborators who gave me copies or, in the case of the intranet system, organised my online access. It should be noted that this willingness to share materials emerged only once my position as an internal consultant of culture was established, that is, once I moved to the Beijing consulting office.

Lastly I should mention the processes of exiting Systeo. The exact timing of my departure was not planned but rather imposed by my failing health. As I discuss in chapter 6, the regime of value that operates in this context was such that I could not continue working in Systeo as “free labour” without my intentions being questioned. So in April 2009 I took a position as a contractor in the CSR division, which required working three days a week. Coupled with the demands of high-intensity and high-anxiety fieldwork which I continued to carry-out at the same time, I became overwhelmingly stressed and exhausted and decided to call it a day in July 2009, after 16 months inside Systeo. In the month before I left I organised meetings with key gatekeepers, which included my original gatekeeper, the director of the internal service centre, and also the HR director and various expatriate partners, to tell them of my departure and to discuss our relationship post-fieldwork. Specifically concerning the management report which I had agreed to provide in my original negotiation for access. Despite my best intentions I felt at that time I would not be able to fulfill this obligation. Unable to make sense of the considerable amount of data I had collected, let alone reduce them to a few pages of jargon-free prose, I offered instead to allow them to view a first draft of the thesis. To which the SSC director asked, “how long is a PhD thesis?”. When I said “about 200 pages, or more”, she gasped and then told me to liaise, instead, with the HR director. It quickly became apparent that nobody wanted to read such a lengthy document, nor were they particularly interested in my findings.

Nonetheless, I have kept to the promises I made when the terms of access were agreed and have referred to the organisation, its clients and its employees by

pseudonyms, trying my best to obfuscate their identities by changing identifying features, unless a feature is critical to the argumentation. In the case of employees this may include their hometown, gender, or exact position in the company hierarchy. Aiding my attempts to maintain anonymity is the high turnover of Systeo's China practice; since I left, a large number of my research collaborators have also left the company, including many key gatekeepers. And perhaps this is what lies at the heart of fieldwork anxieties in such a setting – the sense that you only ever have one shot at capturing “fast capitalism” (Holmes and Marcus 2006). Fast, in this context, does not mean short fieldwork, but rather depicts the fleetingness of the relations that govern this kind of fieldwork. Every offer of access, of a research collaborator offering to be interviewed, or taking time-out to explain an IT system, or allowing you to partake in corporate training, had to be capitalised on as quickly as possible, for one never knew when, or if, that opportunity would come round again. It is also this very fleetingness that limits the possibility of future contact between the anthropologist and the field.

Outline of Chapters

In chapter 1 I introduce a concept which is central to the expertise of management consultants – corporate culture. Much of the material presented in this chapter was collected during my stint as an internal consultant to Systeo's corporate culture programme, when I was able to observe in great detail how culture is narrated and deployed as a tool of management. In the first part I show how culture is conceptualised in official narration as both a Systeo-specific corporate ethic, delineated by its Protestant-inspired “core values”, and the means of inculcating that ethic. In the second part I show that this conceptualisation obfuscates a competing conceptualisation of culture, practised by internal management which makes an alternative corporate ethic – an orientation to the company's shareholders – paramount. As part of this exposition I give further explication of my theoretical approach, examining the material devices – ERP systems – which Systeo incorporate in their practice of corporate culture as socio-technical systems. I show how the ethic of shareholder value is produced in a distributed fashion: across persons and material devices. Furthermore, it can only be produced through socio-technical means, through the “engineering” of corporate subjectivities, which are ontologically defined. Subjects are constructed as financial assets, what I call financialised subjects.

Chapters 2 and 3 examine in detail two kinds of financialised subjects, cost-generators and revenue-generators, respectively, which are related to the logics of value which underpin the management solutions that Systeo sells. In chapter 2 I focus my attention on Systeo's outsourcing division, drawing on material gathered during my three months in its SSC. Here I demonstrate that the shape that outsourcing takes, and the kind of internal controls imposed on SSC knowledge workers, fashion them as employees who only produce cost – cost-generators. The productivity of these workers is denied, a finding all the more remarkable given the potency of “shared services” – the process of aggregation which this kind of outsourcing is based upon – to generate income. Furthermore, this subordinate subjectivity sits uncomfortably with an alternate subjectivity which these Chinese employees are at pains to emphasise, their status as middle-class, cosmopolitan people of high *suzhi* (quality). I demonstrate that this conflict is reconciled not through outright mystification but rather by weaving individual projects of self-realisation with the opportunities for consumption that the workplace offers. In contrast to the SSC knowledge workers, consultants are constructed as employees who only produce revenue. In chapter 3, I examine the content of training that is given exclusively to consultants, and which inscribes them as the company's revenue-generators. Here I begin to elucidate the connections between Systeo's internal management techniques and financialisation, specifically, the principles of financial valuation which are implicitly drawn upon in the training of (creating) shareholder value. I engage in theoretical discussions of value in the sociological sense and value in the economic sense, showing how this distinction has to be continually remade and performed in Systeo's managerial discourse and in the construction of its managerial tools.

In chapter 4, we see how these twinned subjectivities of financialisation are connected to Systeo's own agenda of selling consultancy. The connection between outsourcing and consultancy, and Systeo's offshore knowledge workers and its consultants, is made apparent through an examination of the restructuring that Systeo advises its clients to undertake, and which is facilitated by ERP systems. The relational construction of cost- and revenue-generating subjectivities is exposed as a means of legitimising the system of subcontracting – the mode of financialised production which Systeo operates, and propagates in its capacity as consultant to Chinese state-owned enterprises (SOEs) and foreign multinationals operating in China. To “improve

efficiency”, Systeo installs ERP systems and institutes new logics of value in the organisations of their clients, creating essentialised domains of “cost” and “revenue”, which benefit their own business of contracting-out work. This chapter draws on material gathered from my visits to a number of Systeo’s clients, where I was able to observe consulting first-hand, and on interviews with consultants which were carried-out as part of explicit research collaboration with Systeo to understand the malfunctioning of its own corporate culture.

In chapter 5 the focus is placed on the operation of ERP systems, which have become ubiquitous as *the* managerial device of the modern corporation. Based on the 13 months that I spent as an internal consultant, and later on as a contractor, in Systeo’s Beijing consulting office, I give a closer examination of the internal mechanisms of incentivisation in which ERP systems are utilised. I draw attention to the capacity in which these devices are used, rather than the technological capabilities of these devices. Although much is made of the capacity of ERP systems to facilitate speed, that is, by exerting time discipline, I show that they are, in fact, designed to exert market discipline on employees. And that ERP systems can be seen as a kind of market device which encourages consultants to perform their designations as revenue-generators, by aligning their incentives with those of Systeo’s shareholders – consultants are incentivised to focus on activities which will increase the share price of Systeo corporation.

The final chapter is a broad elaboration of the connections between financialisation and the managerial techniques that Systeo practices in-house and sells externally which have been discussed in previous chapters. I expand upon how the socio-technical practices of “engineering” subjectivities is linked with the ethic of shareholder value that Systeo tethers, through an examination of a related concept – that of leverage. In doing so I return to the questions which I posited at the beginning of the introduction, and which have informed my line of inquiry: what do consultancies do and what do they sell. I attempt to show how Systeo is part of a long chain of production of financial value which is defined by a number of contradictions, including an opposition between financialisation and the older managerial practices of Taylorism, and competing visions of “the market” which is both “efficient” (and self-regulating) but can also be apprehended and controlled. Central to the project of consultancy is the notion that shareholder value, which rests on the entirely unpredictable and volatile process of financial trading, is something that can be manipulated.

Chapter 1

Corporate Culture, Human Capital and Financialised Subjects

“Systeo people embrace its core values that shape the culture and define the character of the company. These core values guide behavior and decision making. Systeo people believe ongoing commitment to these values is necessary to ensure Systeo operates with the highest ethical standards and achieves its vision: To become one of the world’s leading companies, bringing innovations to improve the way the world works and lives.”

“Systeo continues to invest nearly USD\$400 million annually in developing the best people on the planet in what we do. We equip our people with the knowledge, skills and experience to enable them to serve our clients in a first-class manner.”

The Official History of Systeo⁴¹

Human Capital Strategy and Corporate Culture

After two months inside Systeo’s internal offshore service centre in Dalian the field started to open-up. The centre’s director, Christina Teoh, asked me if I was interested in carrying-out research in Beijing or Shanghai, the offices where their consulting practice is based. There I would be able to “tap into the Human Capital Strategy Program” (hereafter HCS Program) which she explained as an initiative designed to “incorporate the China geography (Systeo’s China offices) into the Global Systeo culture.” Her offer of access to the HCS Program was not the first time our conversations had touched on the topic of culture – an examination of culture, though not restricted to the corporate formulation espoused by Systeo, formed the basis of my initial “pitch” for access and consequently informed ongoing negotiations over access once I was inside Systeo. Indeed, my contact with Christina was often legitimised by recourse to the cultural underpinnings of my research project which is where my own subjective position intersects with Christina’s. As the in-house anthropologist, my own

⁴¹ This is a document that is available for all employees to download off the Systeo intranet.

standing as a culture expert was in many ways mirrored by Christina's own standing in Systeo as an expert of "Systeo culture"⁴². Combined with her seniority, as one of the highest-ranking partners in Systeo's China management team, Christina's "cultural" expertise meant she was well-placed to broker my access to the parts of Systeo – its employees and initiatives – explicitly concerned with the dissemination of "Systeo culture."

The offer was informative in and of itself – the very existence of a program with the express aim of instrumental acculturation confirmed that culture in this setting was a far cry from the conceptions of culture familiar to anthropologists.⁴³ In Systeo it is something that can *be managed* and controlled. Furthermore it can be used as a tool of *management*, operating through the mechanism of acculturation, guiding the behaviours of Chinese employees to follow standardised protocols prescribed as "global Systeo culture." Here culture is a tool which costs almost USD\$400 million each year to implement, used by Systeo to "develop" the "best people in the planet in what we do" (see above quote), and is narrowly defined in the Systeo space as a set of replicable "core values." In short, corporate culture is described as a means of fashioning the ideal subject (Upadhyay 2006, 2009). Strikingly the shift towards corporate culture as a technique of management and the concomitant move away from Taylorist practices (Marcus 1998) coincides with what many commentators have described as the shareholder value revolution (Froud 2000, Lazonick and O'Sullivan 2000, 2010, Williams 2000) – a transformation in the ethics, and concomitantly, the agenda of management. "Good" management is now primarily defined by an orientation towards shareholder returns (see Ho 2009). In this chapter I will show how the installation of shareholder value, as the overriding ethical imperative of management, can be connected to the development of a desirable, idealised subject, which can neither be defined exclusively by values, in the sociological sense nor value in the economic sense (Graeber 2001:1). In Systeo, corporate culture is employed to inculcate the desired norms and values, but not just those reified as its core values. Also included is the ethic of producing shareholder value. What we have is not the subordination of ethical values

⁴² The internal perception of Christina as being well acculturated into the Systeo mould and with explicit, discursive knowledge of Systeo "culture" is discussed in chapter 2.

⁴³ This is a point which I played-on in my cover letter to Systeo, which formed part of my initial pitch to the company (along with a face-to-face interview with second in command Wendy Zhao and telephone interview with Shanghai HR).

for financial ends but rather the subsumption of financial value within an ethics of production which Systeo employees are expected to demonstrate and exemplify.

In chapter 4 I elaborate on the historical origins of corporate culture as an invention of management consulting (McKenna 2006), in a review of anthropological critiques of the concept. In this chapter I will trace the top-down construction of corporate culture inside the consultancy – if corporate culture is the invention of consulting then how do consultants produce it? I will show how corporate culture is talked about and constructed in Systeo, setting out the broad themes which inform the line of questioning throughout the thesis. Most generally these concern how the discourse of culture is used and deployed in this particular ethnographic setting. And more specifically, how is culture played-out and made material? In other words, how is culture in Systeo made into a “thing”?; and what does this “thing” do? If, in this setting, culture is about fashioning the best consultants then how is this judgment calibrated? That is to say, what constitutes “the best consultants”? And how does “culture” feature in the pursuit of the best consultants? To make it clear that I am not making the claim that corporate culture is culture, in any anthropological sense of the term, I will place the term in inverted commas i.e. I will refer to “culture” whenever I refer to Systeo culture as culture in its unmodified version, as my research subjects often do. When I add a modifier, such as “corporate” or “Systeo” to the term, I will refrain from using inverted commas since I think that the modifier does the job of distinguishing this model of “culture” from anthropological notions of culture.

In the short time I had spent in Systeo, prior to Christina’s offer, it was apparent that the workers who I was in contact with, knowledge workers in the Dalian offshore service centre, were the *targets* of management protocols which formed the crux of Systeo culture, more than the architects or creators of corporate culture. Their position at the bottom of the organisational hierarchy gave them little say over the constitution of “culture” which purportedly acts as a template for action, as exemplified by the claim that Systeo’s culture (through its core values) “guides behaviour and decision making” made in the above quote. Instead my contact with corporate culture was confined to

observations of how workers were entangled in the grids of the “culture” in which they worked, in the timespace of the service centre where manifestations of official Systeo culture and its intersection with working lives are made visible. “The Buddy System”, “English corner”, “Non-Chinese Week”, “Community Events”, “Monthly Stars”, and “Milestone Awards” are just some of the examples of Systeo culture, and also Systeo-speak, which I was exposed to in my first few months at the service centre. Many of these initiatives are part of the material culture of the workplace. For example, photos of Monthly Stars - employees rewarded for their excellent service to clients – are pinned to a noticeboard outside a manager’s office so as to elicit public recognition; and workers who reach the milestone of one year employment at the company are given a laminated cardboard “plaque” with the words “1 year Milestone” to display on their desks. This is intended to show their colleagues and visiting prospective clients⁴⁴ of their on-going commitment to Systeo. The display of these accolades allowed me, the in-house anthropologist, to become quickly acquainted with the incentive schemes which were applied to workers. But whether these mechanisms of incentivisation were the creations of local management or were applied and directed on a global scale, was, at that time, unclear. And more importantly, it wasn’t apparent what exactly these initiatives were incentivising. It was in this context that I accepted Christina’s offer, hoping that participation and observation of the HCS Program would shed some light on the shape and intentions of Systeo’s corporate culture. Before I start my examination of this program, I will give a vignette of my discussions with Christina about Systeo culture which elucidates some of the instantiations of the “culture” discourse in this organisation, i.e. how Systeo employees talk about culture, which, as we will see later in the chapter, contrasts with practices of corporate culture, maintained by the HCS Program, which is deployed in the management of employees.

⁴⁴ In chapter 2 I argue that the visibility of a particular kind of corporate subjectivity, one which is, among other things, loyal and committed to its employer, intimates the ability of the likes of Systeo to *produce* this subjectivity. This ability to produce, or appear to produce, certain kinds of subjects is foundational to the claims of expertise upon which Systeo bases its consulting business.

I first met Christina on my very first day at Systeo. All previous communication had been conducted via email through her subordinates, who closely guard access to their superior. I was fortunate to catch her since she is not based in China. A Systeo consultant turned in-house outsourcing specialist, Christina is a Malaysian Chinese employee who flies into Dalian from Kuala Lumpur, Malaysia where she lives for approximately two weeks of every month. The rest of her time is divided between China, where her work is based, and on business-related travel to any number of countries all over the world. She was spending just two days in Dalian for “back-to-back meetings” before jetting off again, finding a few minutes in her busy schedule to meet with me. As I walked into her office which is one of just six enclosed individual offices in an open-plan workplace which houses over 350 workers, she gave me a puzzled look which seemed to suggest I had made a mistake. As I started to introduce myself she interrupted me, exclaiming “you're not local!”. I nodded my head and went on to explain that I was the researcher from LSE whom she had authorised to carry-out research in the company. She immediately recalled our previous email communication and then explained her exclamation, saying she could tell I wasn't local from my accent and appearance. We talked about my background and she was delighted to find out that we shared the Malaysian connection, that my parents are also Malaysian Chinese and that I spent many a summer holiday in Malaysia visiting relatives. For Christina, this commonality served to emphasise our unity and, in contrast, our difference from the workers. Rather than seeing us as part of a pan-Chinese collective i.e. in unity with the mainland Chinese workers of the service centre, she distinguished us from the workers that she presided over – we were not “local” – a point which she emphasised in our next meeting.

This took place a month later, this time for a comparatively luxurious thirty minutes where we talked about how I was “settling-in” and my first impressions of Systeo. I asked her about career development, a concept where I sensed a slippage between the definition espoused within Systeo's corporate culture, which I had gleaned from participant observation of soft-skill training and in my capacity as an ad hoc editor of Systeo's HR documents, and the conceptualisation held by Systeo's employees in

Dalian.⁴⁵ I probed her by saying that Chinese workers evidenced little of the individual empowerment which seemed to be an integral part of Systeo culture (not mentioning that I thought this was the case mainly because their subordinate position renders them disempowered). Specifically, I found that workers that I had talked to did not feel empowered to take charge of their own “career development” – a term which is frequently mentioned by HR staff – since they felt this was a matter that was largely out of their hands. In response she told me that for Chinese workers “career development is that you join as an assistant, then you become an analyst, then a specialist, then a manager, and so on until you reach CEO!” In other words, she asserts that Chinese workers see career development as successive promotions, a hierarchical progression up the company ladder. She contrasts this understanding of career development with “our” understanding, grouping me and her together, although she never makes explicit what “our” understanding is aside from saying that mine would be “being an anthropologist and so on.” I continued to probe her on the topic which resulted in a shift in the conversation to the related subject of Systeo’s “core values.”

For Christina, Chinese workers’ inability to understand Systeo’s definition of “career development” could be attributed to their failure to imbibe and fully comprehend the company’s core values, which, as the above quote makes explicit, is taken in Systeo to form the main content of the company’s culture. She tells me about when she first arrived in Dalian to set-up the SSC and the trouble she had getting the Chinese workers to understand Systeo’s core values. “They just didn’t get it”, she said. Many of the core values corresponded with the classic values of Protestant individualism, emphasising stewardship, individual empowerment, and moral integrity, and seemed to me, to delineate a particular quasi-Weberian ethic of capitalism.⁴⁶ Indeed, workers told Christina that the core values were not a part of Chinese culture, they were Western values. She disagreed and told them that they were values that could be

⁴⁵ This training took place early on in fieldwork and consisted of two sessions, presentation skills and facilitating meeting skills. Later on, once I had moved to Beijing, I attended and even facilitated repeat sessions of these trainings, but for Systeo’s consultants. Like the HCS program, these training initiatives were conceived and initiated by the highest level of management – the “leaders” in Systeo’s American headquarters.

⁴⁶ Due to my commitment to anonymise Systeo to the best of my abilities I am unable to disclose the exact descriptors of all of the company’s core values. Later in this chapter I disclose two of them, “excellent people” and “integrity”, which are also common to many other consultancies and multinational companies, thus I consider this a disclosure that does not compromise my promise of anonymity to Systeo.

understood in all cultures, a point repeated by various partners during the course of fieldwork. At that time Christina was taking intensive Mandarin lessons from a private tutor, paid for by the company.⁴⁷ So she approached her tutor in Dalian and asked him to translate the core values into Chinese and pull out examples in Chinese history which illustrated their applicability to Chinese culture. She said that at first he thought this would be an easy task, saying that there were definitely such examples. But in the end it took him three days of continuous searching to find the examples, she told me with a chuckle. When she showed these to her subordinates they said that they could find better ones, so she decided to hold a competition amongst Systeo's Chinese employees "to find the best example of the core values in Chinese culture." The winner, a knowledge worker in the service centre called Diana Zhu, had her essay published in the company magazine.

Underneath the headline, "Systeo Core Values and Chinese Traditional Culture", Diana's illustrated essay relays the story of *San Gu Mao Lu*/Three Visits to the Thatched Cottage, which comes from the classic Chinese novel, Romance of the Three Kingdoms. Set in the late Han dynasty, it tells of how the warlord Liu Bei, accompanied by his generals Guan Yu and Zhang Fei, searches out a talented military strategist by the name of Zhu Ge Liang, to strengthen his army at a time when China was divided into competing states each governed by a separate warlord. He went to the cottage of Zhu Ge Liang, not once but three times, on each occasion he failed to meet this legendary military talent. But when he finally did catch him he found his persistence rewarded – Zhu Ge Liang joined Liu Bei and became a loyal and long-standing servant.⁴⁸ In Diana's reading she argues that two of Systeo's core values – "excellent people" and "integrity" – are exemplified by this story. Here is an excerpt from the published essay:

⁴⁷ Like many Malaysian Chinese, including my own parents, Christina grew up speaking Cantonese and not Mandarin. Many workers told me that when she first arrived to Dalian in 2002 "[ta]yi ju hua, ye bu hu?" / "she couldn't even speak one sentence of Mandarin", underscoring the impressiveness of her swift linguistic improvement to near native fluency by the time of my fieldwork in 2007. She is even able to give public speeches in Mandarin (for example in Systeo corporate events), incorporating poetry and Chinese proverbs, to showcase her proficiency.

⁴⁸ This story is one of fictional stories to come from the classical Chinese novel, Romance of the Three Kingdoms. To read a synopsis of these stories, including Three visits to the Thatched Cottage see wikipedia's page, http://en.wikipedia.org/wiki/List_of_fictitious_stories_in_Romance_of_the_Three_Kingdoms#Three_visits_to_the_Thatched_Cottage last accessed 5 July 2011.

“The story of Three Visits to the Thatched Cottage is a famous example of management of talents in ancient China. Due to Liu Bei’s far-sighted attitude to talents; he managed to set up the Shu kingdom in the later period. Similarly, talents are the most important assets for Systeo. Only by attracting and developing the best talent for our business, stretching our people and developing a “can do” attitude, can Systeo win an undefeatable position in the future competition.”

In the second part of the essay, subtitled “Zhu Ge Liang and Integrity,” Diana attempts to show how the quest for talent refers not only to people of competency (in reference to “excellent people”) but also to people with ethical principles (in reference to “integrity”):

“In order to repay Liu Bei’s favor, Liang respond to Bei’s appeal and threw himself heart and soul into Bei’s service and this service lasted more than 20 years. Even after Bei’s passing away, Liang still remembered his promise and continued to help Bei’s son to manage the country. As a prime minister, he crossed the River Lu himself in the summer heat and penetrated the barren lands of the Man. After the south was subdued, he didn’t stop, but turned to conquer the northern heartland and do his best to remove the traitors in order to realise Bei’s dream. He was willing to take responsibility, acted ethically, and encouraged honest and opened debate.”

Diana’s essay delineates a parallel between Systeo’s values and Chinese values by pointing out the importance of finding talent in both contexts, for Systeo’s personnel and Liu Bei’s army. I am not suggesting that there exists a reified form of Chinese culture, rather I use the term “Chinese values” to mean values that can be found in a dynamic conceptualisation of Chinese culture. The commensurability of these two domains of culture – Systeo’s and China’s – is made even more pronounced in the presentation of the essay. The paragraphs alternate between Chinese and English, each section of prose being presented in both languages, emphasising that Systeo’s core values can be translated into Chinese and by extension Chinese culture i.e. they are not the sole preserve of an American or Western ethos. The competition was a means of transmitting this message as broadly as possible: it was open to all of Systeo’s Chinese

employees, and the outcome of the competition, the winning essay, was published in the Chinese edition of the company magazine which is delivered to every employee in Systeo China. Through this medium, Chinese employees are informed that there is a legitimate basis – cultural commensurability – upon which Systeo culture can be imposed in China and more specifically on Chinese employees. More than Christina’s claim that the competition was about finding the “best example” of how Systeo’s core values are evident *in Chinese culture*, i.e. that Systeo culture is a subset of Chinese culture, the competition created a public space where Systeo’s management was able to demonstrate to Chinese employees that the core values are applicable *to China*, i.e. that Chinese culture can be subjected to, and implicitly altered by, Systeo culture.

Moreover, the competition is a device with which Systeo’s management is able to draw equivalence between Systeo culture and Chinese culture. The titling of the winning essay as “Systeo’s core values and Chinese traditional culture” places these two “cultures” on the same platform, suggesting that there is some basis of comparison. The construction of equivalence intimates that Systeo “culture” is indeed *culture* – the competition is designed to establish the facticity of core values as the foundation of Systeo culture. And by using the benchmark of core values to draw equivalence between Systeo culture and Chinese culture, a specific ethical dimension of Systeo culture is emphasised. Attention is drawn to the company’s codified values (its core values) rather than the apprehension of the culture discourse to generate shareholder value. It would appear that in Systeo we find the values/value split which, in recent decades, circumscribes the division of labour between sociologists and economists. However, like Graeber, I would contend that this is a false distinction; the practices of corporate culture reveal that what counts as cultural/social value is also that which is posited as the ultimate financial goal of management. To explore this claim further I will examine the consultancy’s flagship project of “culture” – the HCS Program.

Christina’s description of the HCS Program as a means to “incorporate” Systeo’s China operations into the “global Systeo culture” tallied with the description provided by my next gatekeeper, another expatriate by the name of David Winter. He was, at the time, the HR director of Systeo China.⁴⁹ With an introduction brokered by

⁴⁹ Halfway through fieldwork David was replaced by another expatriate, Liz Grantham, who was seconded to the Shanghai office and whose duties also included overseeing the HCS Program.

Christina, David and I talked over the phone about the HCS Program and the potential for me to get involved. He told me that Human Capital Strategy (the title of the program) was about “how people engage with the company, it’s [about] attracting them, engaging them and keeping them,” and that since 2007 most regions in Systeo’s global network of offices, including China, have seen the inauguration of locally run and tailored HCS Programs. In both of these descriptions the HCS Program is explained as an imperative, required due to the detrimental effects of “the local” – it is construed as a device which mediates “the local.” That is to say, within these descriptions is the claim that “the local” can act as an impediment to the “correct” functioning of *global* Systeo culture, hence it must be “incorporated” in some way. However, once I moved to Beijing and started working with the HCS Program committee I found that this process of “incorporation” is enacted not by augmenting Systeo culture to become commensurable with local values, but rather by paying increased attention to the deployment of what is designed to be a universal model of management. The problem presented by “the local” was not one of incommensurable ethical values but rather the interference that it posed on the creation of value for Systeo. The HCS Program is not primarily about inculcating the cultural norms of Systeo’s core values but about creating the optimal conditions to elicit shareholder value from “human capital”/labour. It is a remedy for corporate culture malfunction, a remedy which circumscribes what is malfunctioning i.e. it sets out a definition of Systeo’s corporate culture.

In terms of my involvement the timing of my negotiation was perfect. It was approaching the end of Systeo’s fiscal year and the HCS Program Committee were preparing to carry-out the final review of the program’s initiatives which had been running that year, so were only too happy to have an extra pair of hands to help out with the analysis. I was elated. Access to the HCS program provided not only a way into the company’s management – people and devices – but also conferred access to consultants, none of whom are based in Dalian. The only people that I did meet in Dalian were the subordinates of consultants – “offshore” knowledge workers. Although my initial research proposal was a study of outsourcing in China, of the different rationalities, economic and otherwise, in sites of outsourcing, once inside Systeo’s offshore service centre it quickly became apparent that any analysis of outsourcing would be incomplete without examining the domain from which outsourcing is carried out. In Systeo this is the consulting division – work is outsourced from consultants in

Beijing, Shanghai, Hong Kong and elsewhere to employees stationed in offshore platforms called service centres, in Dalian. So to understand outsourcing I needed to access consultants, and, as it would turn out, by carrying-out research in the outsourcing division I was able to understand consulting (see chapter 4).

But whilst the HCS program presented an intriguing opportunity of increased access, I was initially apprehensive about how my positionality would be affected by moving to a consulting office, which would be a step up the organisational hierarchy. Most notably I was concerned that the issues of “studying-up” – “how to convince busy, “important” informants to give you the time of day” (Hakken 2001: 536) – would become exacerbated by positioning myself further up the hierarchy. So I initially proposed a trial period of two weeks to David which could be extended for up to 2 months, if I should choose and if they were happy with my involvement, to which he agreed. In the end, I moved my fieldwork permanently to Beijing where most of the HCS committee is based, returning to Dalian for short trips thereafter. This decision was motivated primarily by the widening access that my involvement in the HCS Program provided. By continuing to work, unpaid, for the HCS Program committee I was able to penetrate through the different layers of labour, what is termed internally as “organisational structure”, deployed in the consulting model of production. I became known as an external member and pseudo-consultant *to* the HCS program, a position which conferred access to partners, expatriate and local, as well as lower level consultants, not to mention Systeo’s internal HR department. But this was a position which had to be continuously negotiated and renegotiated during my remaining time in the field, based on the content of my own claim to expert status – which was primarily based on culture – and the need for such expertise in the operation of the HCS program.

That is to say, my positionality in Systeo as a kind of culture consultant to the HCS program was cemented by the designation of the HCS Program as a managerial technique which operates through [the descriptor of] culture. Although the Program committee members, comprised of senior consultants and HR staff, rarely spoke of the HCS Program as one of culture, the descriptions given to me by the directors of the HCS Program – Christina and David – indicate clearly that for Systeo management this was very much a vehicle of culture. It was a means of producing and maintaining Systeo culture and thus it was not a surprise that Christina thought that this initiative would be

relevant to my anthropological research. I found my ability to negotiate access by emphasising my interest and expertise of culture was facilitated by the construal of management techniques, primarily the HCS Program, as being based on culture. In other words the HCS program was a meeting place of cultural expertise – of the anthropologist and the management consultants. This was a hypothesis I was able to test later on in fieldwork when I was able to use my culture credentials as a basis for negotiations to open-up the field even further to include the workplaces of Systeo's clients and which I discuss in greater detail in chapter 4.

In this way the challenges of studying-up can be partially addressed by the active repositioning of the anthropologist, as a collaborator rather than a distanced expert of experts. And similarly informants are reframed as Douglas Holmes and George Marcus put it as “collaborators or partners in research, a fiction to be sustained more or less strongly around the key issue of the postulation of para-ethnography as the object of research” (Holmes and Marcus 2005:248). For them the problem with studying knowledge experts is not primarily an issue of access – the studying-up dilemma – but that anthropologists have all too often failed to identify the ethnographic object of cultures of expertise, which is not the “interior lives of experts” (*ibid*) but their analytical frame⁵⁰ (Holmes and Marcus 2005: 236, 248). The question is how do you capture their analytical frame. They call for a “refunctioning of ethnography” in such contexts to focus, instead, on the para-ethnographic: “the *de facto* and self-conscious critical faculty that operates in any expert domain as dealing with contradiction, exception, facts that are fugitive, and that suggest a social realm not in alignment with the representations generated by the application of the reigning [statistical] mode of analysis” (Holmes and Marcus 2005: 236). I found their argument, for this new mode of conducting ethnography, became increasingly convincing once I began fieldwork in Systeo, where an explicit culture of expertise is being cultivated and which is the ultimate aim of the HCS Program. Indeed, I was not able to gain access without a part-fiction of

⁵⁰ That is not to say that access to experts is easily obtained, as my own experience shows and which I discuss in the “Introduction”. Rather access to experts is particularly an issue if one's ethnographic object is the personal lives of experts, since access to that kind of information is much harder to obtain in such a setting where professional and personal lives are often dichotomised. The argument that Holmes and Marcus put forward is that the production of anthropological knowledge in such a study is motivated not by an interest in “interior lives” but by the “expertness” of experts which derives from their capacity as professional subjects, which can be located through an examination of their analytical frame.

collaboration. Put differently, it was only by agreeing to “tap into the HCS Program”, as Christina Teoh put it, that my access would be granted, a promise that required my active involvement and co-production of knowledge in this setting. What Holmes and Marcus draw attention to is the reflexive quality of knowledge for knowledge experts, which means that one cannot sustain a position of the semi-detached observer, a position which in this setting is, in any case, undesirable. For the ethnographic object is not a domain of knowledge which could become potentially “contaminated” by the ethnographer’s involvement, rather the ethnographer is concerned with unpacking the ethnographic sensibilities, foundational to the expertise, of their informants, which can only be carried-out through the premise of collaboration or partnership.

But at stake is not just a question of method. Although Holmes and Marcus propose the concept of the para-ethnographic as a corrective to methods exported from “conventional” ethnographies (Holmes and Marcus 2005: 236), their concept also has implications for the production of anthropological knowledge of “the centre.” The para-ethnographic suggests that it is by focusing on the instabilities of systems which are controlled by those in the centre i.e. by looking at the margins of operation, that the centre can be illuminated in all its glory. Saskia Sassen makes a similar point when she says that knowledge practices of the new economy can be captured (ethnographically) “in their moment of unsettlement” (Sassen 2006: 306), what she terms “the edge of economic operation” (*ibid.*). Placing the analytical focus on moments of rupture rather than instances of normalcy, marks a significant departure from Foucauldian subjectification – a theoretical framework that is often deployed in analyses of subject making in the workplace (see Rofel 1999, Shore & Wright 2000, Dunn 2004, Hoffman 2006). Of particular relevance, are the writings of Neo-Foucauldians Peter Miller and Nikolas Rose on “governmentality” (Miller 1994, Rose 1999, Miller and Rose 1990), where it is claimed that the inculcating of values (of the free market) through external regulatory mechanisms can transform individuals into self-regulating subjects, allowing political objectives to be fulfilled via “action at a distance” (Miller and Rose 1990: 1). What is assumed is the stability and determination of these governing systems – these external regulatory mechanisms – which ostensibly produce these desired self-regulating subjects in a smooth, un-problematic fashion. But as my examination of Systeo culture will demonstrate, systems of governing, such as management systems, are unable to “colonise” places of governing with the subjectivities which are inscribed and objectified

within these systems. Furthermore they produce unintended effects, including the failure to produce the desired subjectivities (for further discussion see chapter 4). To capture the nuances of these effects, I avoid a Foucauldian approach to the making of subjects and instead focus on how certain subjectivities are performed and given representational priority over other subjectivities which are produced alongside them.

In this endeavour I take inspiration from approaches which have been developed in the field of science and technology studies, in particular, actor-network theory (ANT) which is described by one of its proponents, John Law, as:

“a method (or better, a sensibility) that has to do with and explores relations, relationality (...) All entities, it says, achieve their significance by being in relation to other entities. This means that in actor-network theory entities, things, people, are not fixed.” (Law 2000: 4).

Refusing an essential distinction between the human and the non-human, actor-network theory places the analytical focus, instead, on the “network of heterogeneous, interacting materials” (Law 1992: 4) from which effects are generated and are expressed as “human” or “non-human” i.e. the relations by which these distinctions are rendered significant (ibid.).⁵¹ Following on from this point, actor-network theory reconfigures analysis of “the social”, arguing, in short, that “the stuff of the social isn’t simply human” (Law 1992: 2). It discounts any mode of analysis which siphons “the social” from “the technical”, instead proposing the rather clumsy-sounding analytic of the sociotechnical (Law 1991). Law attributes the “discovery of the sociotechnical order” (ibid.) to Thomas Hughes, a historian of technology whose book, *Networks of Power, Electrification in Western Society, 1880-1930*, charts the development of the electricity industry. In short, Hughes argues that the evolution of networks of electricity cannot be understood without an understanding of the work of people whom he calls “system builders” (ibid.), namely, Thomas Edison, who most famously invented the incandescent light bulb.⁵² It was Edison’s ability as a system builder – an entrepreneur who could patch together the technical, political, legal and economic components of an

⁵¹ John Law makes the point that this is an analytical stance, not an ethical position.

⁵² See Friedel and Israel (1986: 115-117)

electricity system – as opposed to an inventor, that led to the electrification of New York. Law uses Hughes' account to argue that Edison is an example of a “heterogeneous engineer” meaning that “he worked not only on inanimate physical materials, but on and through people, texts, devices, city councils, architectures and all the rest” (Law 1991: 9), i.e. a diversity of materials. Law points out that *in practice* Edison did not distinguish between human and non-human materials (Law 2000: 2), shifting the analytical focus instead to the effects of Edison’s network of diverse materials – distinctions which arise only through the *relations* between these heterogeneous materials. What comes to be seen as the “technical system” and what comes to be seen as (the involvement of) people are the products of these relations i.e. the network. And these effects are always found in tandem, as twinned expressions of that very network. To use Law’s words, heterogeneous engineering is

“the idea that when technical systems are constructed they involve the ‘engineering’ of people too” (Law 2000: 3)

This argument has serious implications when applied to the study of management consulting, an industry dominated by companies, including Systeo, which make significant use of technical systems in their role as corporate advisors. As I will discuss in further detail in chapter 4, Systeo’s work of “consulting” in China largely consists of the installation of IT-enabled management systems called Enterprise Resource Planning (ERP) systems into the organisations of their clientele. Systems which are also used in the practice of management within Systeo – the same ERP systems are employed in the construction of Systeo’s own IT system which is used in the management of the organisation. Although they can be seen as a type of technical device, the appropriation of ERP systems in managerial techniques should not be seen as evidence of, or instantiations of, technological determinism. The relationship between these managerial devices and their subjects – those who are being managed – cannot be reduced to the *technical*. Far from exerting determined agency over their subjects, technical systems are, as Law points out, constructed in a network of heterogeneous materials which configures/ “engineers” certain kinds of subjects. So the object in

question is not the determination of the subject, but rather the elucidation of the subject which counts in any particular network.

Throughout the thesis I draw on subjectivities as a key analytic, not to suggest that Systeo with its array of managerial devices is able to produce certain subjectivities in a straightforward and determined fashion. But because the subject is object to which managerial practice is directed and is where the trope of culture is mediated – for e.g. Systeo culture and Chinese culture – and where registers of value are blurred – for e.g. financial value and ethical values. Put another way, the objectives of Systeo’s managerial practices (which can be otherwise described as practices of culture and value) are achieved, or not achieved, through the subject. The analytical move of actor-network theory – to render defunct essential differences between objects and people – can be fruitfully deployed in an ethnographic endeavour to reveal the practices and their constitution, which make people or, to be more accurate, make different people in management consulting. For in Systeo there is not just one “engineered” subject but several. Specific chapters are dedicated to the examination of these mutually exclusive categories of people – cost-generators (chapter 2) and revenue-generators (chapter 3) – and how they are constructed in relation to each other (chapter 4). Whilst in this chapter my focus is on the necessary socio-technical foundation of the “cost”/“revenue” distinction for the designation of employees – the requisite *“a priori”* construction of the employee as a *financial asset*.

Much of the early literature on ERP systems assume, from the start, that these systems and their deployment have determined effects on their subjects (for example Davenport 1998). Consequently their focus is on the “success” or “failure” of ERP systems to realise their technological promise (Scott and Vessey 2000),⁵³ or make the claim that there is such a promise (Davenport 1998, Dechow and Mouritsen 2005).⁵⁴

⁵³ Scott and Vessey (2000) state that the focus of their paper, “Implementing Enterprise Resource Planning Systems: The Role of Learning from Failure”, is on “how organisational learning relates to success and failure of ERP implementations” (2000: 214), where “success” denotes improved company performance which can be attributed to ERP systems. They mention the landmark case of the pharmaceutical company, Foxmeyer, which have claimed that SAP R/3 (a brand of ERP system) drove them into bankruptcy.

⁵⁴ Davenport argues that “An enterprise system, by its very nature, imposes its own logic on a company’s strategy, organisation, and culture” (1998:122), whilst Dechow and Mouritsen state that “ERP systems do not define what integration [of management and control] is and how it is to be developed, but they incur a *techno-logic* that conditions how control can be performed

Some authors claim to adopt an “ANT approach”, most notably those who have published in the journal, *Accounting, Organisations and Society*,⁵⁵ which is noted for its unique focus on the social role of accounting.⁵⁶ However in their work, the socio-technical is largely confined to two lines of argumentation: the acknowledgement that technical devices like ERP systems are in part created or mediated by human actors i.e. consultants and users and thus can exhibit diversity and heterogeneity (Quattrone and Hopper 2006); or that technical devices are critical to the production of “the social” although not necessarily in a deterministic fashion (Dechow and Mouritsen 2005). In both cases the argumentation is based on deconstruction, of “the technical” or “the social”, to show their intersecting and indistinguishable constitution. In other words what appears as “the technical” is in part made by “the social” and vice versa. It could be argued that these authors are responding to the distinctions made by consultants themselves. For the separation of technical systems from human agents is an oft-repeated narrative of consultants – the “social”/“technical” split lies at the heart of the consulting firm’s self-inscription,⁵⁷ the social being aligned with “strategy” and the technical with all that makes “strategy” happen. This is evidenced in the metaphor of “the spear”, which is frequently mobilised by Systeo’s strategy consultants who describe themselves as the “tip of the spear.” In this metaphor of consulting “the tip” manages and directs “the body”, delineating a theory of the determining actions of agents (strategy consultants) realised through the application of technical systems (built by technology consultants and offshore back-office workers). In other words, the spear circumscribes the installation of ERP systems as a technical mediation by the social. However, my use of the actor-network *method* is not for the purposes of deconstruction. Rather it is to elucidate the productive effects of systems, and here I take system to

through financial and non-financial representations because they distinguish between an accounting mode and a logistics mode” (emphasis in original text, 2005: 691).

⁵⁵ The journal was founded by a former professor of the London School of Economics, Anthony Hopwood, who “transformed the discipline of accounting, by suggesting that it be examined not as a neutral technical phenomenon, but as an organisational and social practice” (<http://www2.lse.ac.uk/accounting/news/AnthonyHopwood1944-2010.aspx> last accessed 25th March 2011)

⁵⁶ See “Aims and Scope” of the journal description (http://www.elsevier.com/wps/find/journaldescription.cws_home/486/description#description last accessed 25th March 2011)

⁵⁷ The separation of the social and the technical is also explored in chapter 5, and how this separation is fundamental to the creation of the value within the model of economics deployed in Systeo.

consist of human and non-human materials. Specifically, how management systems produce subjective effects which go beyond the ideological and find material instantiation in practices of the workplace, for example, the “engineering” of people

Eliciting Value: The Making of Financialised Subjects

On my first day in Beijing I met with two key members of the HCS Program committee: Natalie Sun and Amber Zhao. Natalie became my third gatekeeper in my quest to gain access to the HCS Program and I had spoken to her prior to my arrival, another phone meeting, this time organised by David. Officially, she is charged with the running of the HCS Program and with carrying out the final analysis of the program’s effectiveness, done with the help of her subordinate, Amber. But it soon emerged that the person in-charge was not Natalie, nor any other mainland Chinese employee. After she showed me to my desk Natalie told me that she had mentioned me to Melissa Johnson, who was eager to have me “on board.” An American strategy consultant who had recently transferred to Beijing, Melissa was leading the HCS Program whilst simultaneously training-up her successors, Natalie and Amber, in the ways of human capital management.

A few days later Melissa took me out for lunch at an Italian café in Beijing’s central business district. Outside the office she was visibly more relaxed and we fell into an easy conversation about how she came to work in China and her career in Systeo to date. Melissa transferred from the New York office to be with her husband who was seconded to Beijing by his employer, a European multi-national company. She has worked for Systeo for over 8 years having been recruited directly from her graduate programme – the Masters programme in Organisational Development at Columbia University, New York. From the start she was placed in the division of consulting which was formerly known as “Talent and Organisation Performance.” She described this division as being concerned with “developing and implementing performance management” and that her work involves devising systems to promote and incentivise performance (of the employees) of her clients. When I asked if she could give an example she described a project for a client which involved designing a performance “dashboard” – a screen which pops-up on log-in to a computer to display the employee’s performance metrics as well as visual data explicating the training they have

taken or should take and outstanding tasks to complete. Melissa's job in Beijing was a variant of her previous work of devising performance management systems. It was still very much about measuring and managing performance, the main difference concerned the target of these systems. In moving to China Melissa had switched from managing external to internal clients.

Her position on Systeo's Human Capital Strategy team is her first internal role which means that her "clients" i.e. the people whose performance she is managing, are now Systeo employees. For the first 6 months in this new role she continued to consult to an external client in the US, which meant long-haul flights every two weeks. At the time of our lunch she was still flying regularly for business, since her position now covered the human capital strategy of Systeo's entire South-East-Asia operations.

Melissa's background differs markedly from the Chinese employees she was training, Natalie Sun and Amber Zhao, who were unfamiliar with Western concepts of organisational theory and have never been consultants. Instead they were both recruited directly into Systeo's human resources team on the basis of their prior experience of working in multinational corporations (as opposed to state-owned or Chinese privately owned companies) and their fluency in Systeo's *lingua franca*, English. Officially, Natalie was ear marked as Melissa's "successor." After Melissa's secondment Natalie would be the person responsible for the day-to-day running and final analysis of Systeo's Human Capital Strategy for China. Aiding her would be her subordinate, Amber, who was, ironically, not subject to the regimes of management in which she was being trained. As a contractor, and not a permanent employee, she is not subject to performance reviews, and is not entitled to employee training and housing benefit.⁵⁸ Also, she has limited access to resources considered "proprietary" – Systeo's knowledge portal - and is prohibited from participating in company-subsidised events such as the CSR bike ride, which was held that year in Sichuan to raise money for victims of the earthquake which occurred in May 2008. In effect she had not been accorded full-membership to the category of employee, which referred to more than a legal definition of her employment

⁵⁸ Systeo employees, but not contractors, are legally compelled to participate in government social plans which cover housing, pensions, medical and employment plans. For housing the individual employee Systeo contributes a percentage of his/her monthly salary to the plan, the exact percentages depending on which office and therefore which city the employee is based in. As an example, a Systeo employee based in Beijing must contribute 10% of their salary each month, which is matched by Systeo.

status. It was also articulated as a curtailed or limited experience of being a Systeo employee, not fully trusted with the company's knowledge and whose productive potential remained off the balance sheet, "unnourished" with training and not evaluated in performance reviews. Nevertheless, she was to become one of the key figures in the running of an initiative which was designed to maximise the "yield" of Systeo's investments in human capital i.e. its employees.

Melissa's job was, in short, to ensure that Systeo's Human Capital Strategy Program in China was established and left in capable hands when she finished her secondment in Beijing. The task at hand was almost identical to the projects involving her external clients – "developing and implementing performance management" – with the added requirement that this project, Systeo's own HCS Program, should be the exemplar of performance management. Because, according to her, the HCS Program was being used as an example [of management] which could be sold to their clients, an "offering" in Systeo parlance. As has become commonplace in the consulting industry, Systeo are in the business of recycling "best practices." Melissa stated explicitly that consulting is about taking the "best practices of clients, using them internally to find out what works and then selling these onto our [other] clients."

Business historian, Christopher McKenna argues that this role accorded to consultancies, as the vessel and arbiter of knowledge, stems from financial regulation in 1930s America. In one of the few historical accounts of the management consulting industry he shows that the institutionalisation of management consulting in the United States was the unintended outcome of New Deal legislation which "aimed at restricting the flow of collusive information between firms" (McKenna 2006: 16) causing firms to pursue alternative routes for such information. He argues that this legislation, in particular "the Glass-Steagall Banking Act of 1933 which separated commercial and investment banking and meant that banks could no longer carry-out consultative and reorganisational activities (...) led to the emergence of consultants as the legal conduits for the exchange of potentially 'anti-competitive' information" (McKenna 2006: 19). The consequences of this historical transformation have not been confined to the United States. As Melissa's description of consulting shows, Western business practices are spreading to China via American management consultancies, which seek to replicate their business of recycling "best practices" in this rapidly growing economy. Models of consulting are imported through Western employees like Melissa and the HR director

David Winter, whose jobs are to propagate practices of human capital amongst local Chinese employees. In the process, they are expanding the influence of consultants beyond the US to one of global arbiter of “best practice” i.e. American consultants have come to dictate the standardisation of working practices across the globe. These include the micro-practices of marketisation which operate through regimes of “culture”, and which I argue, in the following section, are designed with the explicit aim of producing financialised corporate subjects.

(a short interlude on Human Capital and “HR”)

“Our Greater China Human Capital Strategy serves as a vital foundation for Systeo’s development in our region and has been a key component of Systeo’s business model.”

Human Capital Strategy Update, published in Systeo’s intranet

“Human Capital Strategy is a very important program which is about ‘what kind of geographic investment do we want to make?’”

Liu Xing, Chairman of Systeo China

“human capital is *not* human resources”

Christina Teoh, Director of Offshoring Services, Systeo China

One of the issues that faced Melissa and her team was how to raise the profile of all things human capital amongst Chinese employees. Consultants in Beijing had little interest in the HCS Program and many did not know what the program was about. This was hardly surprising given that consultants spent most of their time outside of the office, in their “client sites.” Although much of what consultants do, the implementation of management devices and training of clients in management practice, replicates the initiatives of the HCS Program, most of them were unaware of the

overlap. Instead many of them associated human capital with the human resources (HR) department, an understandable mistake not only because of the similar name but also since the ground work of many of the HCS initiatives involved, in one way or another, HR staff. In an organisational structure which places HR at the bottom of the value-chain hierarchy, consultants paid little attention to HR related activities, seeing them as unrelated to their own business of “revenue-generating.”⁵⁹

The structural position of HR within this hierarchy should not be taken as an indicator of low status within the company. Consultants were careful to keep favour with HR staff, in particular their own HR representative, in an acknowledgement of their influence.⁶⁰ This was a legacy from when work was allocated – the days of the socialist work unit – claimed one consultant, Li Fei,

“my parents told me that HR don't have a good reputation in China and it's rooted in the factory days when they had a lot of power. They were the ones who would have final say. And you would have to ‘kiss a lot of ass’ to get anywhere. So even now... now that HR is different and I work in an American consultancy, I keep [HR] happy.”

Li Fei made sure to buy the HR staff gifts on her birthday or whenever she went on holiday – small edible treats like sweets or local specialties from wherever she had travelled to. She was not alone. Partners as well as consultants brought in edible gifts on returning to the office and would make a point to include HR.⁶¹ For consultants what is important is the *relationship* they have with HR, which does not necessarily mean that consultants view the entity of HR or its activities to be important to the company.

⁵⁹ Together with other “cost-generating” staff, namely OSC workers, the work of HR staff is considered to be non-“revenue-generating.” For explanation of this split between workers and how it is made material see chapters 2, 3 and 4.

⁶⁰ Each consultant is allocated an HR representative, otherwise known as an “HR rep.” I discuss the role of the HR rep in chapter 5 where I examine the internal practice of performance management.

⁶¹ In a similar context, that of post-socialist Poland, Elizabeth Dunn also notes the continuation of socialist practices of gift exchange in the transition to market-oriented practices of the market economy (2004).

But the premise upon which consultants dismiss HR – their subordinate position in the value-chain hierarchy – is undermined by the participation of many HR staff in the HCS program. For it is in their capacity as committee members of the HCS Program that HR staff are engaged in the task of improving the yield of value from the company’s human capital – its employees. That is to say, many of the HR staff are actively involved in the business of “revenue-generating,” albeit in a more indirect manner than consultants. They are enlisted to improve the productive potential – the “revenue-generating” capacities – of those deemed able to generate revenue – consultants. Akin to how consultants are employed in their remit to “add-value” to their clients, HR staff are deployed to “add-value” to consultants.

The emphasis that senior management, Chairman Liu Xing and Director Christina Teoh, place on human capital is inextricably linked to the creation of financial value. The explicit assertion that “human capital is not human resources” highlights the fact that the HCS Program, unlike the HR department, is not positioned at the bottom of the value-chain hierarchy. Rather, the HCS Program is aligned to the central claim of consulting – the creation of financial value. As we will see in this section the investment in this program of Systeo culture was not about infusing employees with Systeoness – a set of core values derived from Protestant individualism – but rather about improving the productive potential of employees to create value.

The timing of my stay in Beijing meant that I was able to observe how the HCS Program operated in practice, how it generated data, and how this data was analysed to produce “actions” which fed back into the program. It is a classic example of the reflexive management that underpins what Nigel Thrift terms “soft capitalism” (1997, 2005). Arriving in late May of 2008 when it was nearing the end of the fiscal year, which runs from September to August in Systeo,⁶² I was able to participate in the analysis of the HCS Program’s 2008 session. And since Beijing eventually became my main field site, where I stayed for a total of 13 months with a few return visits to Dalian during this

⁶² Each company has its own fiscal year which determines when the company’s accounts are audited.

period, I was able to see how these “actions” were used to devise the following year’s HCS program and observe how it was run over the course of the 2009 session. During 2009 I became a fully-fledged member of one sub-program, called “Effective Performance Management” and continued to attend the monthly meetings of the HCS Program Committee in my capacity as an external consultant to the Program.

The HCS Program is a set of sub-programs which comprise the human capital strategy agenda for the year. Each sub-program has a “taskforce” – the staff who are responsible for devising and running the initiatives of the sub-program. And each taskforce has two “leaders” – a consulting manager or partner and an HR manager – and a team of two to five “members/advisors” chosen from junior HR staff and external experts. As the in-house anthropologist I fell into the last category. The only taskforce with employees who were neither consultants nor HR was the one which served the “Flexibility” sub-program. Designed to maximise the flexibility of the most “flexible” division of Systeo’s workforce – the offshore knowledge workers – this sub-program was led by a manager of the offshore service centre, with members drawn from the outsourcing division. This staffing structure of the taskforces was designed to produce a work hierarchy within the taskforce teams. But the main hierarchical split was not between leaders and members/advisors, as their titles might suggest. Rather it was between consultants and non-consultants. On the official HCS taskforce chart which was published in email communications and Powerpoint presentations, the consulting leader was placed above the HR counterpart. As I soon found out as an advisor of one taskforce in the 2009 session, this visual depiction was not incidental – the HR “leader” may lead the HR “members” but she or he was chief aid to The Leader of the taskforce, the consultant. The HR leader was responsible for arranging and facilitating the bi-weekly meetings held as conference calls, but it was the consultant leaders who made the key decisions concerning the content of the sub-program. As the HR leader of my taskforce put it, “[consultants] are drivers so even though this isn’t consulting [work] they drive, they know how to drive the program.”⁶³ Her claim that the human capital

⁶³ The term “drivers” comes from a model of behaviour called SOCIAL STYLES which Systeo licenses from an external vendor, Tracom Group, for its internal corporate training. In chapter 3 I examine this model in detail, and how it is used as a device to make essential distinctions between consultants and non-consultants, with only the former labeled as “drivers”.

strategy is not consulting was erroneous. Consultants lead the HCS Program because it is an exemplar of Systeo consulting.

The HCS Program is a typical example of the forms of management which Systeo sells to clients, in its remit as management consultancy. Designed to maximise the value-adding capacities of workers, it is also practised in-house as well as being sold as a management product, and it showcases Systeo's claimed expertise of adding-value using technical devices, namely IT-enabled management systems.⁶⁴ Underlying this theory of value, which is further examined in chapter 4, is the notion of process which first came to prominence under "business process re-engineering" (BPR) (Hammer and Champy 1993, Coulson-Thomas 1997). The logic of process is one of technological determinism, defining the firm as a network of processes for which technical devices can confer an optimum configuration, one that maximises shareholder value. BPR involves the engineering or rather "re-engineering" of internal processes through tailor-made changes to the internal computer systems of clients, a procedure which was eventually superseded with the installation of branded, standardised computer systems – ERP systems – to replace "legacy"/existing systems (Westrup & Knight 2000). In short, the switch to ERP systems can be seen as the succession of bespoke re-engineering of software technology (BPR) with a one-size-fits-all model of restructuring which, the makers and installers of ERP systems, software companies and management consultancies, respectively, claim as "best practice." In the management literature published by these stakeholders of ERP, the term "best practice" is narrowly defined as the practices which confer maximal profit. For example, the largest ERP software company in the world, SAP, publishes a series of white papers which are available online, extolling the virtues of its products for value creation. One of these is specifically about human capital management, and talks about the benefits of IT-enabled standardisation for a company's value:

⁶⁴ In the chapters 3, 4, 5 we will see how Systeo hone their management systems in-house, practising on their employees who are constructed as the ultimate "high performance" workers, before replicating these systems amongst their clients.

“*particular* processes and programs matter most to the bottom line – and provide a way for organisations to chart their own unique courses to investing in human capital initiatives that will deliver maximum value and lead to high performance.”
(emphasis in original)⁶⁵

Later on in this white paper, the role of human subjects in mediating the effects of best practices on investment yield – value – is made even more apparent:

“The [human capital] framework draws on *best practices* in the fields of human resource development and learning, as well as on state-of-the-art measurement techniques, to enable an organisation to determine its strengths and weaknesses in 13 key human capital processes, to prioritise and track investments, and to target those interventions that are most likely to have the greatest overall impact on the organisation’s business results.” (emphasis added, *ibid.*)

These narrations of human capital management indicate that the aim of best practices is to elicit the maximal value from a company’s investments in labour, what is termed “human capital.” Furthermore SAP extends the claim that computer-enabled processes, which is what SAP sells in an objectified format, can have determined *effects* on human subjects. Specifically, these processes can maximize employees’ contribution to shareholder value.⁶⁶

Systeo generates much of its business from installing SAP’s products – the software of ERP systems – into the organisations of its clientele, and in doing so it takes on the claims made by SAP about ERP systems as well as the responsibility of substantiating those claims. This is done through the in-house practice of human capital management – the HCS Program – which is run to exemplify the heralded effects of this management product. That is to say, a truth claim about the relationship between technical devices of ERP systems and the value-creating abilities of the subjects of these systems, is based on the substantiation of that claim through the performance of these

⁶⁵ See SAP white paper, *Human Capital Management: Managing and Maximizing People to Achieve High Performance*, (2005: 4).

⁶⁶ See SAP white paper, *Enabling Value Based Management*, (1999a: 3).

effects *within* Systeo. When the desired effects are not elicited, an opportunity is presented for the anthropologist to enter the fray, based on the supposed “cultural” foundations of the HCS Program. In chapter 4 I discuss how this moment of acknowledged rupture in organisational episteme created an opportunity for collaborative research with Systeo management which drew on the imagined intersection of the cultural worlds of anthropology and consulting. And in chapter 5 I show how ERP systems operate in practice, looking at how they are used to enable human capital processes, specifically, the “core HR competence”⁶⁷ of “performance management” by tracking and measuring employees. But for now we return to the HCS Program, continuing with the relationship of human capital processes to the production of certain kinds of human subjects.

The names of the sub-programs make explicit the importance of “people” for company productivity. For example three of the sub-programs, “Valuing Our People”, “Talent Power Organisation” and “New Generation Talent Acquisition”, connect Systeo’s employees to the consulting agenda – that consulting is the business of making and selling talented people – externally to clients and internally within Systeo. Although the human capital strategy requires the labour of all groups of employees – “back-office” staff like HR as well as “front-office” consultants – its ultimate objective is to maximise the value-creating capabilities of consultants.⁶⁸ One sub-program was designed to directly address this objective – “Unlocking Workforce Capability.” In the ethnography that follows I will demonstrate that this name referred to the implicit assumption which underpinned human capital strategy – that labour is an asset – and one that needs to be “unlocked.” Labour is indistinguishable from capital. It is assumed to be simply another type of capital, hence the term “human capital.” Equating labour with capital is a critical step in the financialisation of human subjects. The manner in which labour (human capital) differs from inanimate forms of capital, productive or

⁶⁷ In the SAP white paper, *Human Capital Management: A Measurement Breakthrough on the Horizon* (2004), the broad conceptual framework of human capital management is delineated, and the division of HR processes into “core” and “broader” categories is made: “core HR processes, including competency management and performance appraisal, and broader human capital processes, such as learning and knowledge management” (2004: 14).

⁶⁸ Not all employees are considered are deemed “value-creating”, an argument which I explicate in the following chapters. Some human capital are assets whilst others are liabilities. The task of minimising the value-destroying capabilities of employees categorised as liabilities – cost-generators – is discussed in chapter 2. Whilst the fortification of the value-creating abilities of employees categorised as assets – revenue-generators – is discussed in chapter 3.

financial, is that its productive potential is not easily translatable into financial measures. Thus the objective of the HCS program is to enact this translation, narrated as the “unlocking” of potential i.e. maximising employees’ contribution to shareholder value. This conceptualisation of labour, as both the same as but different to capital, is evidenced in the techniques used to manage employees. Like inanimate capital, employees were managed by recourse to financial measures, but unlike inanimate capital explicit intervention is required to make visible the evaluation of employees on financial terms. This is achieved via performance management.

Systeo is run as a model of performance management. Contrary to the narration of senior management, the HCS Program was not concerned with the extension of Systeo cultural norms to China i.e. it was not about plugging a cultural “deficit” of business practice, but about ensuring Systeo’s China offices were being operated on the principles of performance management. The HCS Program was designed to train key Chinese employees – senior figures in the consulting workforce and the HR staff – how to use techniques of performance management to maximise the financial performance of employees. This was made apparent in the final meeting of the 2008 session when Liu Xing, the Chairman of Systeo China, said “human capital strategy is about ‘what kind of geographical investment we want to make in China?’.” His comment underscored the point that “strategy” in this context is about how the company manages its “greatest asset”, its employees. Or mismanages it, since the key finding to emerge from the analysis of the HCS Program in 2008, which I was privy to in my role as pseudo-consultant to the Program, was that performance management of employees “was not working”, to quote Melissa. To understand what it means to say that performance management is “not working” we first need to understand what is performance management and how it operates in Systeo.

Together with Melissa, Natalie and Amber, I spent over a month analysing data sets which were used to evaluate “the success” of the HCS Program. During this period it became apparent that creating an organisation structured by performance management was not only the implicit objective of human capital strategy but that performance management was also integrated into the HCS Program itself. Like Systeo’s employees, the HCS Program was subject to performance evaluation. At the beginning of the fiscal year the members of each sub-program had to agree upon the standards by which the success of the sub-program would be measured – their

performance measures or “metrics”. These were almost exclusively quantitative in character. Then they had to set the numerical target which would represent the dividing line between success and failure. For example, part of the “Unlocking Workforce Capability” sub-program is concerned with the improvement of employees’ soft skills, which is addressed through the provision of in-house training. Accordingly, one of the measures of performance for this sub-program was “the number of presentation skills training sessions conducted” with the target set at 14 sessions for the consulting practice. Since 14 sessions were held during the year the target was met and the sub-program was adjudged a “success.” This system of evaluation is not devised by Systeo but is borrowed from “The Balanced Scorecard”, a management tool popularised by management theorist Robert Kaplan and management consultant David Norton. Designed to “to link a company’s long-term strategy with its short-term actions” (Kaplan and Norton 1996:75), the balanced scorecard is articulated, by Kaplan and Norton, as a “strategic management system” (*ibid.*).

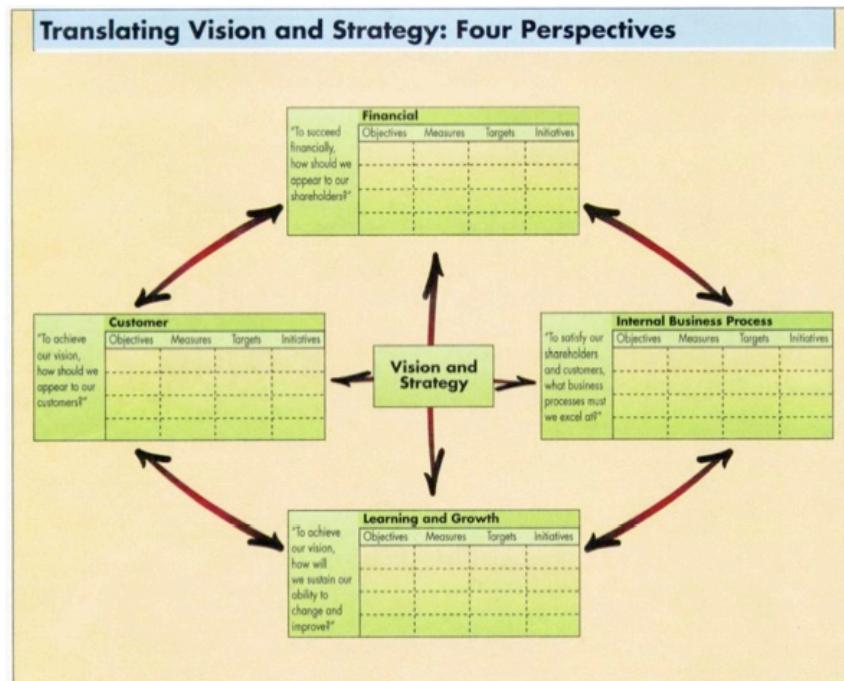


Figure 2: The Balanced Scorecard (Kaplan and Norton 1996: 77)

Under Kaplan and Norton’s formulation multiple scorecards are required to operationalise the “strategic management system”, which correspond to different but intersecting areas of the business: “Financial”, “Customer”, “Internal Business Process”

and “Learning and Growth” [figure 2]. The format of the scorecard is the same in each case. It clearly defines the goals (objectives), measures and targets of performance. Systeo’s Human Capital version almost exactly replicates the original scorecard in its constitution, the notable difference being the use of the “traffic light system”, as Melissa calls it. If the target is met it is categorised as “on track” and highlighted in green, if it is closely missed it is “somewhat on track” and yellow, and if it misses it significantly it is deemed “off track” and red.

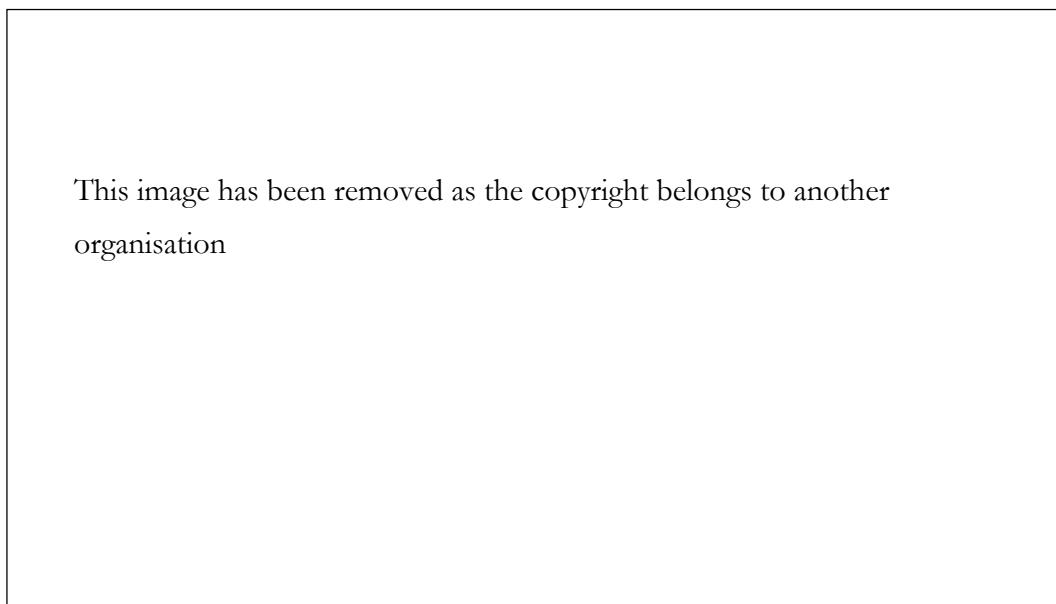


Figure 3: Systeo’s Greater China Practice Human Capital Scorecard

The scorecard is designed to visually summarise the performance of the entity under evaluation. In a glance managers can make a performance assessment. During the analysis period, when the scorecard was being continuously updated with results, Melissa would look periodically at the scorecard to evaluate the program’s efficacy basing her assessment on the ratio of colours. A positive assessment would elicit a comment such as “I’m seeing mostly green here, that’s good.” The few red sections on the 2008 Human Capital Scorecard prompted further inquiry such as, “what’s happening here guys?” Both colours and numbers serve to reduce the range of possible interpretations, simplifying the complexity of “performance”, and tying “success” to pre-defined measures. Only if a sub-program produces outcomes which fulfil the targets

chosen at the start of the fiscal year can it be judged efficacious. Outcomes which can not be measured by these pre-chosen targets are rendered irrelevant under the balanced scorecard system of evaluation. The scorecard is an objectification of a tautology of evaluation – it incentivises users to choose what is being evaluated on the basis of their suitability for scorecard evaluation – so only what *can be* evaluated in the scorecard *is* evaluated in the scorecard.

During the 2009 session I was a member of the “Effective Performance Management” (EPM) sub-program and I was able to observe how the scorecard inflected decisions concerning the sub-program’s initiatives. With taskforce members drawn from the Shanghai and Dalian offices as well as Beijing, our meetings took the format of conference calls. In the first meeting we each introduced ourselves before launching into a group discussion about the selection of objectives for the sub-program. I explained my unusual position, as the in-house anthropologist, and gave a brief description of what I had learnt from my participation in the analysis of the HCS Program’s 2008 session. In particular I talked about the findings which were the impetus for setting-up the EPM sub-program in the first place. As an informal member of Melissa’s HCS analysis team I was privy to the phone meetings that were held with Chairman Liu Xing to discuss the findings in preparation for the final review meetings held with the whole HCS Program committee. In these meetings Liu Xing proved himself to be an insightful and critical thinker, refusing to concede to Melissa’s human capital expertise, and peppering the discussion with probing questions, which included the topic of performance management. Two findings in particular, led Melissa to conclude that performance management was “not working”, these were: 1) low accountability, as determined by the Employee Engagement Survey; 2) only 77.6 of consultants had written their performance objectives, as determined by the internal ERP system. To which Liu Xing’s response to Melissa was:

Liu Xing: Accountability has 2 dimensions: 1) need to have objectives, 2) need to have these clearly defined. [For] consultants the nature of the job means it is hard to quantify [performance]. Is performance being measured against their objectives? Or just looking at performance in relation to peer group? If so [that’s] not accountable... as long as you’re better than your peers it’s still OK. Is performance management...

Melissa: (*interrupts*)....rewarding on the basis of objectives?

Liu Xing: if not the objectives are meaningless...[pause] Getting objectives set is a very basic requirement...but it doesn't really do all the tricks. In the end do they matter?

Liu Xing and Melissa agreed that performance management was “not working” but they differed in their approach to the problem and in their conclusions. Liu Xing explicitly questions the utility of performance objectives – “do they matter?” – which are critical to the operation of the balanced scorecard system of evaluation. He suggests that setting objectives cannot be the only mechanism of operation – “it doesn’t really do all the tricks” – implying that any action which improves objective setting may not necessarily correct the functioning of the system. That is, he questions the *system* of evaluation. Whilst for Melissa the fault lies with the *individuals* being evaluated, those who fail to write their performance objectives. For her the operation of the system can be improved by ensuring that its users – namely consultants – engage with it in the right away i.e. subjects must become disciplined into using the system “correctly.” These differing explanations indicated a rupture in epistemic coherency across the organisation, which produced an opportunity of collaboration for the anthropologist,⁶⁹ but no change in status quo for the human capital agenda. This became apparent in the discussion amongst the EPM taskforce about what actions could be taken to improve performance management – the remit of the sub-program.

I stressed that an explanation as to *why* consultants did not set performance targets had not been found, and proposed that we choose initiatives that would address this issue. My suggestions were of the qualitative type and included interviewing and holding focus groups amongst consultants. The other members of the team, including the partner who was leading the sub-program, rejected my suggestions because of their lack of “measurability.” Instead they settled on initiatives which could be measured by the “inputs” used in the annually performed analysis and review of the HCS Program. Consisting of data sets produced from quantitative surveys entitled, “Leadership

⁶⁹ As mentioned above, it was moments of rupture like this that provided an opportunity for collaborative research. It is by proffering the suggestion of uniting epistemic ruptures that I was able to carry-out, in collaboration with Systeo, research on performance management, which was separate from the EPM subprogram. I elaborate on this research in chapter 4.

Survey”, “Internal Communications Survey” “Employee Engagement Survey”, “Human Capital Assessment Survey” as well as other numerical data such as “HR actuals” which included attrition and recruitment figures, the inputs that were used by Melissa and her team to evaluate the efficacy of the HCS Program in the preceding year (2008). In what they saw as concession to my suggestion, the other taskforce members asked me to review the existing communication channels available to consultants, having already decided that that the problem I had raised – the “why” of performance management malfunction – was the result of ineffective communication. This culminated in the “group” decision to produce a document which could be disseminated to new employees in their orientation, detailing performance management, a task which I was enlisted to carry-out. This was just one of four initiatives chosen. With duties spread across the members, the taskforce carried-out a survey eliciting the opinions of career counsellors (who are the primary disseminators of knowledge surrounding performance management), wrote a guidance template to aid the writing of objectives, and created a pictorial depiction of the performance management calendar, otherwise known as a “timeline.”

The disagreement over the kind of initiatives that the taskforce should pursue was one of content: what should be the content of the sub-program? And according to what criteria should this content be chosen? Whilst I had chosen the content on the basis of knowledge production (i.e. it should aim to answer the question of why and how is performance management malfunctioning), the other members of the taskforce had chosen the content of the sub-program on the amenability of that content to confer the sub-program a “success.” What mattered was not the generation of insights about the object in question – performance management – but the performance of the actors involved – the final evaluation of their actions. Given that the sub-program was about improving the operation of performance management in Systeo it seemed to me somewhat ironic that the content of the sub-program – the initiatives deemed to confer improvement – would be chosen on the basis of its amenability to performance-management-informed evaluation. Seemingly the corrective for malfunctioning performance management is yet more performance management.

What I had missed in my initial puzzlement was the functionality of performance management and its devices, namely, the balanced scorecard, for the overall strategy of managing human capital. Performance management was not,

primarily, a device of evaluation but rather a device of translation. Kaplan and Norton's terming of the balanced scorecard as a "strategic management system" derives from the role that this device has in translating high-level managerial strategy into concrete actions at the lower levels (Kaplan and Norton 1996).⁷⁰ It is through the mechanism of incentivisation, i.e. performance evaluation, that strategy can be enacted. What they do not make explicit is the effects engendered in this semiotic transformation from performance management as a tool of appraisal to performance management as a tool of managerial control. I would argue that the pursuit of "strategy"/the vision (the object of managerial control) is achieved through the narrowing of performance, specifically what counts as good performance, to incentivise activities which fulfil the measures chosen by management and at the same time dissuading any activity which does not fall under these measures. Systeo's management is able to "translate the vision" (*ibid.*) of the company, by using performance management to constrain the behaviours of workers to fall in-line with management objectives. As the above example shows workers choose the content of their work based on the "measurability" of their performance. In short, performance management is the mechanism by which "strategy" is transmitted to all reaches of the organisation.

By saying that performance management is a mechanism, I am in effect asserting that it is a means to something else, an end which is not performance management. The end I will come to shortly, the means can be located in the construction of the balanced scorecard. This is a device which expressly seeks to create the alignment of goals throughout different levels of the organisational structure, through the mechanism of *feedback*. Narrated as "strategic learning" (Kaplan and Norton 1996: 77) the production of feedback effects is explicitly and positively acknowledged by Kaplan and Norton. In an article which they published in Harvard Business Review they state:

"With the balanced scorecard at the center of its management systems, a company can monitor short-term results from the three additional perspectives - customers, internal business processes, and learning and growth - and evaluate strategy in the

⁷⁰ In their follow-up article to their first article in Harvard Business Review in which they introduced the balanced scorecard concept, Kaplan and Norton explicitly state that "the scorecard addresses a serious deficiency in traditional management systems: their inability to link a company's long-term strategy with its short term actions" (Kaplan and Norton 1996: 75).

light of recent performance. The scorecard thus enables companies to modify strategies to reflect real-time *learning*”

(emphasis added, *ibid.*)

For Kaplan and Norton, the balanced scorecard is a means of adjusting output – “results” – through input – “performance.” In other words the balanced scorecard engenders a feedback effect and this is a way of honing-in on the most value productive activities. In this setting, feedback, which I identified as a tautology of evaluation, is not the unintended consequence of construction, but rather is seen as the valorised mode of operation – it is a way of *emphasising* and *enacting the chosen ends*. For example, and as I described above, the efficacy of the sub-programs was determined by recourse to feedback loops of “objectives” i.e. success was defined by the fulfillment of pre-determined criteria. As was the overall efficacy of the HCS Program which was evaluated using the key metric of the “Employee Engagement score.”

In notable alignment with David Winter’s description of the human capital strategy as being about “how people engage with the company”, the HCS Program is evaluated on the “engagement” of its employees, as determined by the “employee engagement score” – another feedback loop. The score serves both as a measure of the overall efficacy, and thus “success”, of the HCS Program, and the efficacy of its individual components, the sub-programs. Despite its rather amorphous sounding name, employee engagement is construed as a concept of vital importance in the running of Systeo’s internal management. Its cultivation is most formally addressed through the HCS Program and through other initiatives such as Systeo-sponsored activity clubs (which include sports and singles clubs), local community partnerships and company parties – these were all legitimised by recourse to the improvement of employee engagement. Indeed, it is considered so important that two members of staff are employed for the exclusive purpose of promoting employee engagement – Natalie and Amber – who are officially titled the Employee Engagement Manager and Employee Engagement Junior, respectively. It is in these capacities that they, rather than HR staff, are responsible for the running of the HCS Program. Although Natalie and Amber sit adjacent to the HR division, their official separation from “HR” makes apparent the divisions between human capital and human resources, which can be tracked to their separate and differing agendas. Human capital strategy is tied to an

objective of “engaging employees” – this is the “strategy” of Kaplan and Nolan’s “strategic management system”. I contend that the HCS Program uses performance management as a technique of constraining the behaviours of employees to promote the engagement of employees. To put it succinctly, engaged employees are the desired “ends” of the “means” of performance management. What exactly this entailed became evident during the analysis of the HCS Program results.

These were presented to the entire HCS Program committee through the medium of PowerPoint, a “deck” of 43 slides, run over the course of two three-hour meetings. As is commonplace in Systeo the meetings were carried out as conference calls, but ones with a large number of participants who participated from meeting rooms in Beijing, Shanghai, Dalian and Hong Kong⁷¹ with the aid of speakerphones and overhead projectors enabling them to follow the verbal presentation. The participants were subjected to an onslaught of graphs, charts, and tables, used to depict topics including “the planning process”, “the change map” and “the human capital scorecard” in a visual extravaganza of formatting. In the first meeting Melissa talked about the overall progress of the “China Geography”, drawing on the subject of employee engagement to make her case. One slide summarised this nicely, entitled, “China also continues to make very good progress in Employee Engagement”, with the following figure underneath:

⁷¹ The Taipei office (Taiwan) was conspicuous by its absence. Second to Hong Kong, Taiwan had the worst results of all the offices in Systeo China, which caused Melissa and Natalie to exclude Hong Kong and Taiwan from the analysis since these outliers would need different “actions” for improvement. However, the Chairman of Systeo China disagreed, arguing to include Hong Kong and Taiwan “so that mainland staff understand”, which came across as more a shaming of these offices and underscoring the mainland’s superiority.

This image has been removed as the copyright is owned by another organisation.

Figure 4: Employee Engagement Dial

Amongst the melange of colours, arrows, acronyms and symbols is the depiction of employee engagement – represented by a crescent which looks strikingly similar to the dials of a dashboard, reminiscent of the performance “dashboard” that Melissa mentioned in her examples of external “human performance” consultancy work. It is here that we find out that the “employee engagement score” actually refers to total shareholder return annualised over a five year period or “TSR.” And the “good progress in Employee Engagement” declared in the title of the slide refers to the 6% increase in TSR from 60% in fiscal year 2007 to 66% in fiscal year 2008. When Melissa goes through this slide she makes no mention of shareholder return, referring to the percentage increase in TSR as an improvement of engagement score. Notably the translation of TSR into the employee engagement score also engenders a change in the units of measurement – Melissa does not refer to a percentage change but instead to an increase in “points.” Her choice of unit is replicated in Systeo’s official communications about the HCS Program. On the Systeo intranet, an employee announcement publicises the “Greater China Human Capital Strategy”:

“We are glad to have seen our employee engagement score jump *6 points* from FY07 to FY08, attesting that our Human Capital and Employee Engagement strategy is on the right track.”

(emphasis added)

It is only when I closely examined the 43 slides after the meeting that I became aware that employee engagement is not, as the term itself suggests, and as David Winter implied, an abstract measure about employees’ commitment to the company. His statement that the HCS Program is about “attracting them, engaging them, keeping them” suggests that engagement is somehow related to the retention of employees, a point which is emphasised in the secrecy surrounding labour turnover – “attrition figures” – information that was frequently referred to by HR staff and consulting partners as “sensitive.” In fact “engaged” employees refers to a workforce which confers a healthy return to the company’s shareholders – they increase the share price of the company (see Froud et al. 2000: 82).⁷² That is to say, the HCS Program was about improving Systeo employees’s capabilities to produce financial value. Exactly *how* employees could be said to be “engaged” was not explained by Melissa, David or anyone else connected to the HCS Program, i.e. the mechanism of effect between labour and shareholder return was never made explicit.

Indeed, total shareholder return was never verbally referred to in any of the meetings I attended, its presence limited to this particular PowerPoint slide (figure 4) where it is replaced with the acronym, “TSR.” The only instance when it is written in full is in a sliver of a box, positioned at the very bottom of the slide, where the acronym is decoded, disclosing the referent. Relegated to the corners of the slide, TSR appears as a minor adornment to the star of the show – the multi-tonal engagement “dial” – which is placed at centre stage. Acronyms render their referents undecipherable. They can become signifiers for alternative referents, which opens-up the possibility for TSR to become unmoored from shareholder return and instead associated with something else. The positioning of TSR around the circumference of the central feature – the dial of employee engagement – makes the suggestion that TSR is a unit of employee engagement rather than a signifier of shareholder return. By looking at what is omitted

⁷² And an improvement of employee engagement refers to an increase in the shareholder return that can be elicited from the labour of an individual or population of employees.

and what is emphasised, we can interpret what is the object and focus of analysis for the HCS Program. Whilst total shareholder return is all but expunged from the human capital agenda, employee engagement is repeatedly positioned as the focal point of analysis. In both its verbal narration and visual presentation, the HCS Program, constructs employee engagement as its main objective, and object of cultivation.

The “absence” of total shareholder return was part of a general erasure of financial connotations from the inscription of employees’ performance. This is evident from the transformations that the term undergoes: it is doubly obfuscated, replaced first by the acronym of TSR in the slide, and then marginalised as a measure of employee engagement. The substitutions of “TSR” and “employee engagement” are a means of avoiding the inevitable associations with finance which would ensue with using the original term. The verbal construction of employee engagement continues this work of disassociation. Measured in “points” not percentage points, it is implied that employee engagement is a proxy, which it is, for a quality which cannot be calculated from numerical data, like “commitment”, which it is not. In short, the message being conveyed is one which elides association with finance, that the pursuit of greater employee engagement is *not* a financially-oriented goal. But it is nevertheless the fostering of an ethical imperative. The terms of narration, “engagement” and “commitment”, suggest that the objective of corporate culture is to create mechanism(s) of affect. What is less clear, and I have argued is obfuscated, is the object of these affective ties. Whilst, the descriptions of HCS members like David Winter imply that they are trying to improve employees’ commitment to Systeo, my analysis of the HCS Program suggests, instead, that the underlying objective is the ethicising of subjects towards an orientation of producing shareholder return. The “value” being realised is not an ethics of loyalty to Systeo but an ethics of commitment – a duty towards Systeo’s shareholders – this is what is meant by cultivating shareholder value.

At other times references to finance are not erased but made explicit. For example, when Systeo’s Chairman of its China practice, Liu Xing, talked about the HCS Program as being concerned with the kind of “geographical investment” that the company makes, a point which was reiterated by CEO John Scott in his visit to Beijing later that year. To a packed audience of consultants he proclaimed:

“People are the biggest *asset* of the firm...attitude is everything. We continuously look ahead to new ventures and businesses that will help diversify our portfolio, but nonetheless the common *currency* at Systeo is the quality, energy and belief of our people as the future of this company. Systeo spend 1 billion [US dollars] on training and research a year, and even with today’s economic challenges, we do not curtail on this spending as we continue to *invest* for tomorrow in our people.”

(emphasis added)

The references to Systeo “people” – its employees – as “assets”, “currency” and subjects of investment, replicates depictions of the subject in the company’s dress code where employees are encouraged to “Be your own best asset at all times in the business world” through attention to their appearance.⁷³ Not analogous to an asset but valorised as an asset, the subject is constructed in striking resemblance to the subject of the HCS Program. Indeed, the differences are subtle. In the HCS Program the subject is “financialised”, a term I used to denote its construction as a financial asset. The inefficacy of Systeo’s corporate culture is judged by recourse to the subjects’ capacity to produce shareholder return, whilst in official descriptions by senior management, the subject is constructed as a productive asset – a thing which can be invested in for the sake of long-term growth. Furthermore, to treat their employees as productive assets is narrated as a form of benevolence and ethical integrity on the part of Systeo – it is codified in their core values. In contrast, the ontology of labour as a financial asset is repeatedly elided in the HCS Program, suggesting that such an inscription is incompatible with their corporate culture. Whilst corporate culture is *narrated* as encapsulating and propagating the particular core values of the company, it is, at the same time, *used* as a tool for eliciting financial value – for maximising total shareholder returns through employees. But the legitimate content of Systeo ethics is, in narration, restricted to that of its core values; shareholder value is omitted. As we will see, the status of shareholder value as a corporate ethic is eschewed through narratives which define ethical praxis as that which is not associated with, or informed, by financial ends.

⁷³ A leaflet detailing the company’s dress code, replete with pictures indicating the sanctioned modes of dress and the prohibited modes of dress, was available at Systeo’s main consulting offices and was also given to newly hired employees at orientation/induction.

In a speech made in the midst of the global financial crisis John Scott describes the treatment of Systeo's Chinese workforce as evidence of its corporate ethics, a claim he ties to the core value of stewardship, which he describes as fulfilling their obligation of creating a strong future for Systeo. He talks not of lay-offs but of the continued direction of funds into training - an "investment in people", he says – a commitment on the part of Systeo to its employees which is ostensibly unrelated to its immediate financial situation. In other words, ongoing investment in labour in times of economic uncertainty is portrayed as an ethical act because it goes beyond Systeo's short-term financial self-interest. This point was underscored by Liu Xing's comments to "wrap-up" two-days of intense training for newly promoted senior managers:

"John [Scott] says he's not gonna cut training. I've been talking to people who work at other companies, you know they were surprised that Systeo was still having training, and training in a 5 star hotel...given the financial crisis. [Training] just shows the emphasis that Systeo places on its people, developing our people."

Liu Xing seems to suggest that what Systeo is doing is in some way exceptional, implying the particular ethical supremacy of the corporation which he locates in its relationship with its employees. Specifically, what is emphasised is the long-term orientation of financial management, which suggests a regime of "retain and reinvest" more than "downsize and distribute", the latter associated with the turn to shareholder value as the primary mission of the corporation (Lazonick and O'Sullivan 2000) and which has led to a reduction in long-term employment (Lazonick 2010). John Scott and Liu Xing make the implicit claim that employees are not primarily defined (and managed) as subjects who create shareholder value.⁷⁴ Because even when revenues decline, Systeo continues to invest in its employees, suggesting that the retention of employees is paramount. However, investment was not evenly disseminated amongst employees. Although consultants, who are designated as "front-office" staff, continued to receive training as John Scott and Liu Xing stated, employees in the OSCs, Systeo's

⁷⁴ See chapter 3 where I put forward the argument that consultants are constructed as subjects who are the rightful claimants of the title, "value-creator." In this chapter I show that although they are encouraged to find their own moral standpoint they are specifically trained as people who create value – that is their primary designation.

“back-office” were subject to a “training freeze” – the suspension of corporate training. Some of them were also laid-off in the early stages of the financial crisis. Also contract workers, like Amber Zhao, and who comprise a significant proportion of Systeo’s back-office workforce, are not eligible for training at all – a point I have already stated. The differential treatment of front- and back-office employees, which will be elaborated on in the next two chapters, is inconsistent with the inscription of Systeo employees, i.e. labour, as productive assets. Indeed, a central argument which I develop through the thesis is how this separation and reification of the workforce into opposing categories of front and back (which, as we will see, correspond to “revenue” and “cost”) is a critical part of financialisation.

Here it is instructive to return to the conspicuous gap in narration – the mechanism of effect between labour and total shareholder return. Although David Winter described the HCS Program as being about “how people engage with the company”, during my time as a member of the HCS Program committee I never heard anyone explain how the committee improves employees’ ability to confer shareholder return. Instead, the initiatives devised to improve “engagement” suggested that we, the committee, were working to improve the commitment of employees to Systeo. One of these comprised a pilot study of “flexible” working in the Dalian service centre, which involved giving a group of offshore knowledge workers laptops with which they could work at home should they choose, coupled with a monthly budget of RMB 100 (£10) to cover “telecommuting” – phone/internet costs.⁷⁵ In her analysis of the “flexibility” initiative, Melissa noted that employees who had participated in the initiative had higher employee engagement scores than those who had not, which led her to conclude that,

“People who participated in the Flexible Work Arrangement in FY08 are 14% more engaged than those who didn’t”.

She pasted this sentence into one of the PowerPoint slides presented in the final review meetings of the HCS Program. She erroneously assumes correlation to indicate

⁷⁵ This certainly did not cover the costs of telecommuting for Dalian-based workers who spent the majority of their time speaking to clients in foreign countries, which meant they needed to make overseas calls.

causation, attributing the increased engagement to the flexibility initiative. Moreover, she implicitly states that engagement is directly linked to employee retention, giving the slide the title of:

“Further leverage the positive impact of flexibility to attract and retain the right people”

Through the coupling of two hazy associations – “flexibility” with engagement and engagement with employee retention – Melissa extrapolates a causal relationship between the “flexibility” initiative and employee retention.

The association of engagement with employee retention was also made explicit in two questions of the Employee Engagement survey which “made the cut” - that were highlighted in the Powerpoint presentation. These expressly concerned employee retention, crudely referred to in the presentation slides as “Questions on Stay.” In the survey, all China-based employees were asked to respond to the following statements:

“It would take a lot to get me to leave my company”

“I rarely think about leaving my company”

They could choose from the set responses of “favourable”, “neutral” and “unfavourable”. The results were included into the presentation which provoked lively discussion amongst the consultants who sat on the HCS Program committee. A three-way discussion arose between consulting managers, Tim Deng and Benjamin Ma, and HCS leader, Melissa, about the increasing inclination amongst senior managers to leave the company, squarely targeting the issue of employee retention.

Tim: In Greater China the key point is compensation (remuneration) structure....not much done to improve it. A lot of people lost to Tech Consulting and Manage Co.⁷⁶

Melissa: But according to the Employee Engagement survey “pay” has dropped in importance.

Benjamin: The survey asks the same questions every year on pay, and there are no changes. So people think “give up - it makes no use!” [sic].

For Tim, the sentiments of senior managers are related to remuneration – that Systeo is not as competitive, i.e. does not pay as well as its competitors and that this has affected senior managers’ feelings towards the company. Melissa responds with evidence drawn from the survey which indicates that employees place decreasing emphasis on remuneration to suggest, in contrast to Tim, that retention is not related to remuneration. Her response can be read as an attempt to bat away the association with finance – Tim’s attempt to relate employee retention to financial incentives. However, she is trumped by Benjamin who undermines her claim by dislodging the relationship that is central to Melissa’s point – that of engagement and employee retention. His point is that we cannot infer whether pay is or is not important to employees, since employees have already worked out that the Employee Engagement survey is not concerned with incentivisation to stay, because if it was then pay structures would change. In short, he is arguing that employees are aware that employee engagement is *not related* to employee retention. Despite Benjamin’s assertion, the HCS Program for the following year is planned in exactly the same vein. In other words, employee engagement continues to be narrated as being related to the sentiments of subjects to stay at the company, as opposed to their capacity to produce total shareholder return.

But what exactly is being obscured? A closer examination of the concept of total shareholder return is required to illuminate the transformation which is undergone in the movement from total shareholder return to employees’ commitment to Systeo. Used by investors to compare the performance of different companies’ stocks and shares, total shareholder return is traditionally used to measure the performance of shares, not the performance of labour. That is to say, the object of analysis is the performance of

⁷⁶ These are pseudonyms for two of Systeo’s main competitors.

capital and to that end “TSR” captures the total value of capital that is returned to investors after a specified period. But the application of TSR in the HCS program points to a completely different object of analysis – the performance of the HCS program as a tool of “culture.” So a concept that has traditionally been used to measure the performance of capital is apprehended to measure the efficacy of Systeo culture to acculturate labour. But this conceptual application is more than a substitution of scales, it also sets the terms of acculturation. That is to say, it alters the ontological basis in which labour is configured, defining it not by the display of Systeo’s core values but the creation of financial value. It is by using total shareholder return to measure the efficacy of corporate culture to “engineer” the desired subjects that financialisation is enacted – the desired subject is constructed as a financial asset. The equivalence drawn between labour and capital in the act of financialisation engenders an “ontological takeover” – the importing of the ontology of financial capital to redefine the ontological foundations of labour. Labour is not simply measured by recourse to measures of financial capital, but is redefined as financial capital.

Conclusion

In this chapter I have examined in depth the major trope of Systeo management, that of “culture.” Starting with ethnographic description of how “culture” is narrated in Systeo, I show how official narratives are constructed to narrowly define Systeo culture as its “core values” which can be instrumentally inculcated in employees. Enunciated explicitly in the competition to find Systeo values in Chinese culture, and implicitly in the narration of employee engagement as the commitment of employees to the company, this definition is frequently mobilised to demonstrate the non-financial orientation of management. However, inspection beyond the level of representations suggests an alternative construal of culture. Digging through the multiple layers of obfuscation which are embedded in the HCS Program, starting with its initial inscription as a program of “culture”, and going on to its key operative concepts of “performance management”, “employee engagement” and finally the end-goal of “TSR”, we find the stated overall objective of the inculcation of Systeo’s core values is on each occasion displaced by the objective of instilling an orientation to producing financial value. The practice (as opposed to the narration) of corporate culture is to instill an ethic of duty toward’s the company’s shareholders; employees are being managed to create

shareholder value. So not only is Systeo culture not culture in any anthropological sense of the term, but Systeo culture is also not the definition of culture it claims to be. In this setting “culture” is not primarily a means of guiding social action through a set of Protestant-inspired cultural norms. Rather its ontology as a tool of management is exposed, a tool which operates indirectly and is used to alter the conditions of possibility of labour in a configuration which maximises financial value – shareholder return.

These differing conceptualisations of “culture” are mediated in part, by managerial devices. Used in the construction and operation of the HCS Program, “The Balanced Scorecard” and “the engagement dial”, are devices drawn from and embedded in the larger technical systems of ERP – the IT-enabled management systems that Systeo runs in-house and installs into its clients. They are networked into the knowledge practices of the HCS Program, along with committee members, the employee engagement team, and the in-house anthropologist, to constitute the socio-technical foundation of financialisation which informs the conditions in which employees are “engineered” (Law 2000:3). Crucially these devices intervene in the operations of management, as much as providing a vehicle of narration for management, to permit the simultaneous performance of one definition of culture and the narration of another. That is to say, by constructing subjects as financial objects, which engenders an ontological transformation through socio-technical means, “culture” is deployed as a tool for producing financial value. But this ontological transformation is obfuscated by an explicit and contemporaneous narrative that suggests an opposing ontology of “culture” and thus “the subject”, which, in a move of desired functionalism, serves to put the performance of financial value in the shadows.

But why is shareholder value repeatedly obfuscated as the desired object of culture? In a number of the chapters that follow we will see that Systeo is a proponent of shareholder value, indeed, creating shareholder value is foundational to Systeo’s position as market experts. However, the deficiencies of shareholder value to act as a binding ethic of any social institution are indicated by the attempts to elide shareholder value *within* Systeo. It is most likely that the official narration of corporate culture, the quasi-Protestant ethic encapsulated in its Systeo’s core values, is designed to fill the social void that (an objective of) shareholder value produces. To state explicitly to employees that they have an overriding duty towards the company’s shareholders is also

to state that their interests are subordinated to those of shareholders. As Karen Ho has documented in considerable detail, mass lay-offs or “downsizing” can be implemented in the name of shareholder value (2009). In short, making the link with financial value calls into question the commitment of Systeo to its employees. And to reveal the shaky commitment that Systeo has towards its workforce would, in turn, threaten to (further) dampen employees’ commitment to Systeo. Perhaps the surprise is not that Chinese employees fail to exhibit loyalty to Systeo, hence the high turnover, but rather that Systeo’s expatriate management (including Christina Teoh, Melissa Johnson and David Winter) are surprised that there is a high turnover. Afterall, Chinese employees are only returning in kind the company’s lack of commitment towards them, (which as we will see in the chapters that follow, can be realised through suppressed wage demands, threats of outsourcing, and lay-offs). Thus I would argue that the pretensions of benevolence, that Systeo cares about its employees, can be read as an attempt to fill the social void that shareholder value engenders. When Chairman of Systeo China, Liu Xing emphasised that Systeo was not cutting training *even* in a financial crisis, he made the suggestion that Systeo’s interests in its employees was one of the long-term. Also, the cultivating of Systeo’s “core values” also suggests that it has an ethical dimension which extends beyonds shareholders, a kind of ethical safetynet for its own employees who are not “covered” by shareholder value. When its business is built on people – consultancy is the selling and production of subjectivities – it is particularly important to create a stable institution buttressed with a sense of integrity.

In the next two chapters I will show how this socio-technical foundation of financialisation creates divisions between employees, who are constructed on the basis of their relationship to shareholder return, what gets termed in official discourse as “(add)-value” or shareholder value. As a result employees fall under two main categories: those who create value (chapter 3) and those who destroy value (chapter 2). I will expand upon the argument which I have made here, showing how financialisation is fortified and made material through knowledge practices which are directed towards the production of certain kind of subjects, and which include the work practices of subcontracting, internal controls and corporate training.

Chapter 2

Making cost-generators: Back-Office Work in the Shared Service Centre (SSC)

Systeo's clients need no longer deal with the hassle of HR, Finance, Marketing and IT support; Systeo can outsource all of their "support functions" to "shared service centres" (SSCs) where they are bundled together in a system of aggregation which creates a new income stream for Systeo from which capital can be raised, in other words, from which speculation can arise. This is the observation made by Andrew Leyshon and Nigel Thrift, who highlight what they argue to be a neglected aspect of financial capitalism, the "income flows from real assets" (2007: 98), which is "to the contemporary financial system what gold was to its precursors, a source of value from which financial innovation can proceed" (*ibid.*). This aspect is also absent from sociological and anthropological discussions of outsourcing, which assume that this act of corporate re-organisation is predicated on the drive for reduced costs alone (see Freeman 1993, Aneesh 2006, Xiang 2006, Upadhyay 2006, 2009), without considering what outsourcing can *generate*. Certainly, reducing costs can, for Systeo's clients, "improve the return on capital which in turn improves shareholder value" (Milberg 2008:439). But the point of Leyshon and Thrift is that lower costs for clientele do not constitute the central rationale of this kind of outsourcing. Rather, they argue that "the current corporate vogue for 'shared services'" (2007: 103) is founded on something new for the *outsourcers*. It is by creating a *system of aggregation* that volumes of outsourced work can be the source of a new income stream from which financial value can be referenced. They note that this could not have been realised without technological advances, specifically, "computer software that allows a single operating system to be constructed" (*ibid.*). ERP systems are a classic example of such software, and, as we will see in this chapter, they are an integral part of the work practices carried-out in Systeo's own centre for shared services in Dalian.

In the last ten years Systeo has systematically moved the support functions of most of its first world offices to SSCs. Located in low-wage locations including Bangalore and Manila, as well as Dalian, these are the so-called "back-offices" staffed by

Systeo employees that I will refer to as knowledge workers or SSC workers, whose primary mission is to serve their “clients”, that is, other Systeo employees. If a Systeo consultant in Australia contacts HR to sign-up for a session of corporate training to improve her presentation skills, she will find her calls and emails directed to a knowledge worker in Dalian. Similarly, when a consultant in Japan decides to submit all his expenses for his latest consulting project, his receipts will be couriered over to the Dalian SSC, to be processed with the expense claims of Systeo colleagues located in Frankfurt, Melbourne and Singapore, to name just a few “front-offices”. In the Dalian SSC we can observe the system of aggregation that Leyshon and Thrift claim differentiate “shared services” from other forms of outsourcing, and which, when applied commercially, produces a regular flow of income for Systeo that attracts potential investors of its stock. Here we find knowledge workers engaged in process-orientated, sub-divided and repetitive work which stands in stark contrast to the more creative and project-orientated work of consultants employed by Systeo’s Beijing office. Furthermore, whilst Beijing consultants spend most of their time working at “client sites”, Dalian knowledge workers find their mental labour transported to their destination via virtual means. It could be said that the fruits of their labour are *liquefied*.

This is a term devised by sociologist A. Aneesh, which he develops in his study of outsourced IT work in Bangalore to describe a new labour regime where “labour migrates without the body” (Aneesh 2006: 68). For Aneesh, labour is enacted within the territory of the offshore country while the effects of labour “migrates” virtually to another locality. In one of the few full-scale ethnographies of what he terms “virtual migration” Aneesh reveals the concentration of outsourced software programming work in the “low end” market and documents the high labour intensity of the work, showing the paucity of creativity or engagement for the engineers (Aneesh 2006). His findings tally with Harry Braverman’s argument that an increasing proportion of jobs, including those in the service sector, are becoming “deskilled”, that is, sub-divided, routinised and alienating. Braverman argues that deskilled labour is cheap and easy to control due to worker’s lack of engagement in production as a whole process, rendering them easily replaceable, reducing their bargaining power vis-à-vis employers and minimising employers’ commitment to employees (Braverman 1974). Aneesh updates and extends Braverman’s argument to the knowledge economy, placing his analytical focus on the modes of governance within the technocratic offshore centre. He terms such processes

“algocracy” – the increasing tendency to embed authority in technology itself, specifically the underlying code, which he argues renders hierarchy less useful (Aneesh 2006: 110). Aneesh’s algocratic explanation of the flatter organisational structures as emblematic of post-Fordism and the knowledge economy is contrasted and complexified by Carol Upadhyा’s analysis of organisational control in the same ethnographic setting, which she describes as a form of “neo-Taylorism in the offshore software factory” of Bangalore. Like Aneesh, she finds that Indian software services organisations employ a range of computer-enabled techniques of direct management, time management and quality management, but argues that through excessive quantification and measurement of the work process, these techniques act as a system of panoptical control through electronic surveillance which in many ways mirror classical Taylorism (Upadhyा 2009: 10). Like Taylorist management, the objectives of these computer-enabled techniques of management are “to reduce scope for individual initiative on the part of the workers, and to allow management to tighten control over the labour process as well as over the implicit knowledge of workers” (*ibid.*). In contrast to Aneesh, Upadhyा argues that hierarchy is not rendered less useful, but rather is strengthened and expanded in remit via electronic surveillance.

It is important to stress the context in which Aneesh and Upadhyा are writing. Their arguments are set against a backdrop of claims which define the new economy in contradistinction to the “old economy” (cf. Thrift 2001). The high-tech corporation has been described as “a style of organisation and employment which is radically different in terms of management structure, labour processes, and social relations more widely, from that in ‘conventional’ firms” (Massey et al. 1992: 82), a shift which can be broadly characterised as the shift from Fordism to post-Fordism: the replacement of vertical hierarchies by horizontal networks, and Taylorist management by corporate culture (Marcus 1998). But as Aneesh and Upadhyा show, the manager-workers relations of the modern high-tech corporation replicate many of the inequalities which plagued Fordist organisations (see also Massey et al 1992, Freeman 1993, 2000), and import the de-skilling effects associated with mass production to the realm of services (see also Head 2003). Although I certainly acknowledge that Systeo employees are subject to the processes of de-skilling and surveillance that they describe, my focus, however, is not on manager-worker relations or employment structures which characterise these workplaces of outsourcing. In a point of departure from the analyses of Aneesh and

Upadhyा, I attempt to show how outsourcing itself is part of a larger managerial system of creating value, a system which creates divisions between workers which do not fall on the established hierarchical lines of managers and workers.

In particular, I discuss how the *shape* that outsourcing takes is fundamental to an overarching endeavour to produce relationally defined subjectivities which delineate a hierarchy of value production that underpins Systeo's organisational structure. It is by hollowing-out consultants of all duties other than those which are most visibly connected with the production of revenue, and then by outsourcing this work to knowledge workers in Dalian, that these two groups can be constructed in diametric opposition to one other. Consultants are inscribed as revenue-generators, while employees in the SSC are inscribed as cost-generators through the selective outsourcing of work designed to hollow-out "cost" from the former, which is then reconstituted as the subjectivity of the latter. Concomitantly, the SSC is cast as the inferior and subordinate roles of the "cost centre" and "back-office" with respect to the consulting "profit centre" and "front-office" (for e.g. the Beijing office), which is positioned higher up the value chain. Workers in the SSC are denigrated for destroying shareholder value (through their purported production of cost), whilst consultants are portrayed as key drivers of Systeo's business. We find that the designation of "cost" and "revenue", and not the division between managers and non-managers, represents the most significant hierarchical split within Systeo. But how do these distinctions gain traction? If, as Leyshon and Thrift argue, shared services is a new domain for generating income, how are employees who work in these centres convinced that they only generate costs? In an attempt to answer this question, I seek to bring out the myriad ways that knowledge workers in Dalian are made aware of and talk about their cost generating status, and how they internalise the cost centre/profit centre distinction as legitimisation for their disempowered and subordinate positions within the organisation.

Included in the analysis is how knowledge workers reconcile their subordinate position – their "cost-generating" subjectivity – with alternate subjectivities which bear similarity to those of filial nationalism (Fong 2004) and patriotic professionalism (Hoffman 2006, 2010), in an attempt to address the notable lack of anthropological attention on national and political projects embedded within workplace practices, a point raised and addressed by Laura Bear in her work on call centre workers in Kolkata. Bear argues that the international call centre company, Call-Servers, is not just a site of

production but also one that “helps to bring into being the reimagining of India as a place of consumption, entrepreneurship and self-actualisation” (Bear forthcoming). In a similar vein, I highlight the role of Systeo culture in attaching a cosmopolitan modernity to Systeo’s managerial practices. I suggest that though this does not hide the inherent power dimensions of these techniques it nevertheless infuses them with an aestheticism which resonates with Chinese modes of self-cultivation and subjectivity formation prevalent in the post-Mao period. Specifically, I argue that workers construct the offshore service centre as a place of high *suzhi* (human quality), where they can cultivate and maintain their *suzhi* as elite singletons of the post-Mao era.⁷⁷ This is achieved through cosmopolitan imaginaries which cannot be separated from, but are engaged with, nationalist projects of modernisation in Post-Mao China. One such imaginary is that constituted by the “global” corporate culture which workers consume and produce as employees of Systeo. Rather than emphasising the mystifying capacities of corporate culture, I focus on how Systeo culture resonates with workers’ projects of individual agency – cultivation of *suzhi* and self-realisation – as middle-class, urban subjects, which accompanies their everyday experiences of labour intensive, processing work.

Dalian – The Green City

⁷⁷ Fong (2004) uses this term to describe the children who have no siblings as a result of the one-child policy which became stringently enforced as part of post-Mao reforms which began in 1979.



Figure 5: Map of East China (Copyright Google maps)

Dalian is a second-tier city located on the southern-most tip of the Liaodong peninsula with a population of approximately 6 million people. Situated in the rust-belt of North-Eastern China, it was formerly a fishing village which became a centre for heavy industry. Then followed the city planning policies implemented by Mayor Bo Xi Lai in his tenure from 1993-2001, which saw parks and open spaces replace polluting factories in a move to “green” the city. Economic incentives were also established in an effort to attract “green” industries such as IT Outsourcing (ITO) and Business Process Outsourcing (BPO).⁷⁸ Following the success of these ventures, Dalian has become reincarnated as the outsourcing centre of China and the prime competitor for the industry leader of Bangalore, India. In 2001 the United Nations Environment Programme elected the Dalian Municipal Government to the “Global 500 Roll of Honour” for outstanding contributions to the protection of the environment. Recent developments have further raised Dalian’s profile on the international business map, including the World Economic Forum Summer Davos Conference which was held just before I arrived in August 2007.

The city has been colonised several times – by Britain, Japan and Russia – in a period extending from 1858 to 1945. It was under Japanese control for 40 years and was part of the puppet state of Manchukuo. Today its links to Japan are mostly through

⁷⁸ These factories were not closed down but rather moved to the suburbs.

outsourcing; it dominates the market for offshored Japanese call-centre work, which is enabled by the limited number of Japanese-speaking Chinese. After English, Japanese is the second-most widely spoken foreign language in Dalian and is a common choice for undergraduates studying at the local universities. The close proximity to South Korea, coupled with the presence of a significant number of ethnic Koreans (one of China's ethnic minorities), means that it is also the leading destination for outsourced work from South Korea. To date, 37 of the Fortune 500 corporations have offshored work to Dalian Software Park (DLSP), including Systeo.



Figure 6: An Office Building in Dalian Software Park (Photography by Kimberly Chong)

DLSP is one of three software parks in Dalian. Established in 1998, it is the largest and oldest software park in the city. Approximately 30,000 people work in an area of 3km² which includes 16 glass-fronted office buildings, Neusoft Information Technology Institute (a private university), sports recreation facilities, a drive-through McDonalds and a Starbucks. The software park is run by a private company of the same name which also runs software parks in two other 2nd tier cities in China: Suzhou and Tianjin. This company sells services of workforce training and consultancy to prospective companies who wish to outsource to Dalian, as well as leasing the office space. They advise on the preferential policies and investment incentives that Dalian offers vis-à-vis other Chinese cities and outsourcing destinations, and provide courses to

local undergraduates hoping to gain employment in the software park. Such courses claim to improve language and IT skills, which are desired by the most coveted employers: Fortune 500 companies.

The Shape of Outsourcing

The Systeo offshore service centre occupies a floor of one of the newest buildings inside the Dalian Software Park. All the employees are mainland Chinese with four exceptions: Christina Teoh, the Malaysian Chinese director and founder of the centre; Charlotte Monroe, a Canadian worker in the IT support section; Joan Lau, a Singaporean Chinese worker in “Business Operations”; and Gina Choi, an Asian American worker whose native-English fluency was put to use in her role as a “communications specialist” in the Finance division. Not all of these individuals worked in the service centre everyday. Based in Malaysia, Christina spent little time in Dalian, visiting just once a month to oversee the running of the centre. Christina was chosen by “Global” Systeo executives based in the American headquarters to set-up the Dalian service centre because she was considered to be “very Systeo”, a result of having worked in the company for over 20 years. Furthermore, having grown-up in the former British colony of Malaysia and been educated in Australia, Christina encapsulated the fuzzy mix of “Western-ness” and “Chineseness” which was often desired by Western businesses in China (Duthie 2005). Christina told me that the plan was always that she would withdraw from her position as director once the SSC could stand on its own two feet – i.e. could operate in the “Systeo manner” without foreign help. Furthermore, this would eliminate the significant costs incurred in having Christina as the centre’s director: international flights to and from Dalian and the rent of her flat, which was located a stone’s throw from the centre in Dalian’s most expensive district. By the end of my fieldwork in June 2009, she had handed over the directorship to Sophie Ma, the most senior mainland Chinese manager. The transition to a locally staffed service centre was thus complete.

When an organisational function, say HR or Finance, is outsourced to the SSC it does not retain its original form – the work is sub-divided into smaller, repetitive routines which form the basis of individual teams, whose performance is coordinated by a number of ERP systems that Systeo run in-house. Most processes are coordinated by

a system designed by SAP and is known by workers as the “SAP system” or just “SAP”. The “Time and Expense” team only handle the processing of consultants’ timesheets and expense claims, whilst the “Cross Border Finance” team calculate the income tax payments for employees, usually consultants, who get seconded abroad, ensuring that the entries are logged onto SAP. Within finance-orientated teams such as these, a further degree of sub-division occurs based on the country or region from which the work is offshore. There is a sub-team of “Time and Expense” which deals only with Europe, another for Greater China and another for South East Asia.⁷⁹ For HR teams workers’ language proficiency is more important than in Finance, with most teams separated on regional lines which broadly corresponded to language divisions. So English-speaking workers staff the “Australia Personnel Administration and Training” team and spend their days checking eligibility and processing in the administration of Australian employees’ training sessions. Japanese-speakers in the “Japanese Personnel Administration and Training” team, meanwhile, do exactly the same but for Japanese employees.

In my first weeks at the service centre I met Tilly Zhao, a senior worker in an HR orientated team called “Recruiting Support and Scheduling”, who explained the process of “transitioning” – the transferring of production to the service centre. She went through the “transition” of the recruitment process in Malaysia to her team, who now process all job applications to vacancies in Systeo’s Kuala Lumpur office. In contrast to the rhetoric of “jobs lost to outsourcing” which is often voiced in “losing” countries such as the US or the UK, there is not a direct relationship between jobs “lost” in those countries and the offshore platforms, numerically or substantively, for it is not jobs that are outsourced but work processes.⁸⁰ Therefore one job “lost” in, say, the US does not automatically equally one job “gained” in China. Rather, the shape that outsourcing takes is best characterised as the hollowing-out of work, leaving only the thinnest veneer “onshore” with the remaining content outsourced, creating hollowed-

⁷⁹ Greater China comprises offices in Beijing, Shanghai, Guangzhou, Hong Kong, Taiwan and Dalian. Generally speaking only work derived from consulting projects or in some way concerning consultants is outsourced to Dalian.

⁸⁰ For example, “Feds dole out \$450 million for U.S. jobs lost to outsourcing” <http://www.infoworld.com/t/job-search/feds-dole-out-450-million-us-jobs-lost-outsourcing-293> last checked 11th Dec 2011.

out jobs onshore (those of consulting). To elaborate this point, let us look at the particular example of “transitioning” that Tilly was involved in.

Tilly explained that the work process of recruiting Malaysian staff is first broken down into individual tasks, which are termed “applications” after the application process required to gain authorisation, from Systeo’s headquarters, for the transfer. They calculate the number of “man” hours that each transitioned task would require by combining the volume of cases (for example, CVs uploaded onto computer system), frequency and time required per case. This number is then compared with the standard number of hours that a person works per year. I was told this was 1504 hours, although Tilly was unable to tell me where this number came from, aside from speculating it came “from *Global*”, which sounded like an all-powerful higher being but, in fact, referred to Systeo’s American headquarters. By comparing the two in the form of a ratio, the number of staff required to carry out each task, commonly referred to as “headcount”, required to carry out each task is calculated. However, this often results in a number less than one, for example in 0.2 of a worker, in which case several applications are combined to form a whole number.

Working underneath Tilly in the same team, Mary Gao spent her days uploading CVs onto Seibel, the brand name of yet another ERP system. Some were soft-copies – CVs sent as Word documents attached to online applications or faxed over from external recruitment agencies – whilst others were hard copies collected in Malaysia and then couriered to the service centre. The latter have to be manually scanned into the system. When the recruitment work process was transferred from Malaysia to the service centre they hired 10 interns for the sole purpose of scanning CVs from Malaysia. During my time in Dalian this number had been reduced to two interns and Mary, who also inputted data surrounding the vacant positions and the corresponding candidates’ CVs into the database called the “Talent Acquisition System.” Mary stressed that they never contacted candidates directly, since only the local (i.e. Malaysian) recruiter was permitted to do this. Rather, they were concerned with the “back-stage” aspects of the recruitment process, hence the term “back-office” support. In this particular work

process the front-staging was not offshored.⁸¹ Mary was not, therefore, enlisted to replace the Malaysian recruiter *per se*, but rather was engaged in the hollowing out of the Malaysian recruiter's position to one primarily concerned with direct liaison with prospective candidates applying to Systeo's Kuala Lumpur office. Enabling this process of hollowing out is the perpetual use of ICTs, which is exemplified by the virtual communication between Mary and the local recruiter via the medium of MSN messenger. A free online messaging service, MSN messenger formed the main mode of communication for these workers, who were prohibited from calling their colleagues abroad by a system of internal controls designed to minimise costs – a point I will expand upon in the next section.

The Value Chain Hierarchy

Outsourcing aligns employees in a hierarchy – what is termed in the management literature as the “value chain” (Porter 1985) – whereby some are defined as producing “value”, whilst others are not. In the value chain, front-office employees (Systeo's consultants) are deemed to *only* “produce revenue” and so create shareholder value, a point which will be explored further in chapter 3. Back-office employees (SSC workers) are, in contrast, designated as employees who *only* “produce cost” and thus destroy shareholder value. But these labels of “cost” and “revenue” should not be taken at face value; in the following section I will show how these relationally defined subjectivities of “cost” and “revenue” are made and concretised in the hollowing-out process, and do not describe the actual productive capacities of employees.

I will begin by describing the work of a team called “Business Operations”, a title which offers little indication of what that team actually do. At best it implies something of greater significance than the realities of processing work. On my last trip to Dalian I interviewed Susan Han, who was the manager of Business Operations, a function comprised of 21 workers – 18 permanent employees and 3 “contractors”.⁸² She described Business Operations as having a wide-ranging scope which allows her to “*neng shang, neng xia*”, (literally to go up and down) the organisational hierarchy. Her daily work

⁸¹ This distinction is less apparent in call-centre work where offshore workers are expected to effectively present themselves as front-stage substitutes on the virtual stage hence the need for elocution lessons and other forms of “cultural” training (Bear forthcoming) .

⁸² Otherwise known as temp(orary) workers.

consisted of facilitating “New Business Meetings”, otherwise known as NBMs. These meetings are virtual affairs where a sales team of partners and sometimes senior managers of the consulting practice gather via the medium of a conference call to discuss potential and current sales opportunities – the selling of Systeo’s consulting services. In contrast to the partners who place their phone on the speakerphone setting within their individual offices,⁸³ Susan joins the conference call from her desk using a hands-free headset which performs the dual function of blocking out the external noise of the service centre as well as allowing her to hear the goings-on of the NBM. Her role as the facilitator means she is responsible for organising the call: liaising between all participants via email to find a suitable time for the NBM and then emailing them the access code, which must be dialled in order to enter the meeting/conference call. The virtual timespace which enables this meeting of territorially separated colleagues comes at a cost which is recorded by the specific access code assigned to the meeting. Once the call has commenced, Susan takes meeting minutes which must be sent out to all participants on the same day. From information gathered from these meetings Susan logs the progress of sales opportunities, from first contact with the client to the winning/losing of the contract by inputting data onto SAP.

Susan told me that “in truth it should be the partners that do [the job]”. She admitted that SAP is very easy to operate but that partners in certain countries, including China, seem to think it is too difficult for them. In the US, UK and Germany the partners input the data themselves, thus negating the need for her team’s services. In some other European countries and in Singapore the partners “take well” to the system and often do their own data entry. But in Greater China and Japan partners almost always rely on offshore help. Or, in the case of Greater China partners, it is more accurate to say onshore but offsite help.⁸⁴ Susan considered language to be an additional hindrance for the partners in these latter two countries, since their poor English mitigated against their using SAP, which operates in English. But in my extended fieldwork at the Beijing office I found that most partners, in fact, spoke English well, with careers punctuated by stints in the US or another English-speaking

⁸³ I observed this frequently during fieldwork at the Beijing office which houses only the consulting practice.

⁸⁴ I use the term onshore to describe outsourcing that is carried out within the same country. However it should be noted that the standard industry parlance for this kind of outsourcing is “nearshore”.

country. Their linguistic skills were often displayed in region-wide trainings and other corporate events where they also showed off their American business acumen. Such findings would appear to invalidate Susan's assertion that a partner's inclination to carry out the administration surrounding his or her own sales opportunities is influenced by his/her English proficiency. Instead, I would argue that the outsourcing of sales administration from Chinese partners to knowledge workers in Dalian reveals the primacy of a value-chain rationality (which circumscribes that some employees create value whilst others conversely destroy value), as opposed to a cost-saving rationale, in defining the hierarchical dimension of the outsourcing relationship.

To substantiate this claim it is instructive to first look at the outsourcing relationship from the perspective of costs, in particular labour costs. Chinese partners in the consulting practice receive far higher salaries than workers in the service centre. Utilising the latter to complete tasks for the former represents a clear cost-saving benefit to the company. Indeed, junior level consultants in the Beijing consulting practice are better remunerated than workers in Dalian. And, moreover, their timesheets, HR files and training opportunities are all processed in the service centre. It would appear that the outsourcing of work from Chinese consultants to Chinese SSC workers replicates the cost-saving rationale which is invoked in the offshoring of HR and Finance functions from Systeo offices in 1st world countries to the SSC in Dalian. However, the salaries of UK and US partners represent an even greater cost to the overall accounts of the Systeo Corporation, but their backstage work is *not* outsourced. That is to say, lowering costs is not always the singular determining factor underling the outsourcing of production. Rather, cultural distinctions have to be made between Systeo employees which appear to be financially informed. Yet as we will see, such distinctions actually work to delineate the assignment of value-adding and value-destroying capacities. One way this is achieved is by constructing a hierarchical relationship between "service providers" and "clients".

Like all the workers in the centre, Susan uses the term "client" to refer to the partners she speaks to in virtual timespace. By doing so she conveys not only the idiom of customer service repeatedly emphasised in the centre, but also her subordinate position vis-à-vis the Systeo employees she "serves" as a "service provider". The superiority of "clients" is enshrined through confidentiality agreements which workers sign to protect the information of their "clients", even though the latter are also

employees of Systeo. This is a practice borrowed from Systeo's commercial outsourcing businesss, which elides the differences between commercial and internal outsourcing. In the case of commercial outsourcing these agreements are justified by recourse to the intellectual property embedded within the software codes, which is handled by a separate financial entity, the outsourcing service provider. But in the case of an internal outsourcing arrangement, the service provider and clients both belong to the same company and the "intellectual property" often consists of lines of timesheets, records of claimable expenses and so on. We thus find that the service provider/client relationship does not accurately describe the nature of the relationship between offshore knowledge workers and consultants, which is not defined by the transfer of intellectual property. Instead it gives shape to the value chain hierarchy, which lacks meaningful content. This is to say that the client/service provider relationship cements the hierarchical split between these two groups of workers, which is otherwise misleadingly conveyed as a difference emanating from the value relation (the capacity of workers to create or destroy value).

This hierarchical split is also played out in the material culture and working practices of the workplace. Employees are made acutely aware of their inferior status by the restrictions placed on their consumption of Systeo assets within this sphere of production. The use of the photocopier, for example, was policed by one of the office caretakers. It was not placed in the open area but rather was housed in a separate room where the caretaker sat and logged all photocopying activity. Workers were unable to photocopy unless they had a budget code to which their photocopying would be charged. Similarly the caretaker controlled all access to the stationary cupboard. When I moved to the Beijing consulting office I found that these controls were not applied in that office, rather consultants were free to photocopy and ask for stationary without a budget code. Over lunch two workers, Gina Choi and Zhang Lai, with whom I was well acquainted, joked about how difficult it was to get stationary. Zhang Lai said, "You have to ask the caretaker who then makes you sign for each piece. You feel so guilty when you look at the book [where they log the stationary] and see your name many times." The fact that Zhang Lai felt guilty because she had made multiple requests for stationary was indicative of how workers' internalised the responsibility of minimising costs, and could be taken as evidence that they accepted their inferior status in the organisational structure as cost-generators.

Also, workers are constantly goaded to watch their costs in order to maintain the competitiveness of the Dalian service centre, which was constantly compared to Systeo's SSCs in Bangalore and Manila. Although the historical particularities of Dalian are such that its monopoly on offshored work from Japan is secure, an increasing proportion of the work in the centre is from English-speaking regions. Not only do workers feel insecure about their English proficiency compared to Bangalore and Manila, but also Dalian's "seat charge" is comparatively high, and threatens to reduce the centre's competitiveness vis-à-vis Systeo's other offshore platforms. The seat charge measures the cost of having a worker based in the centre and is based on the office rent and running and maintenance costs. The high seat charge was, of course, a factor which workers' had no control over. What workers' could control, however, was their consumption of Systeo assets. Reminding workers' of Dalian's high overheads (seat charge) could be implicitly read as an instruction to workers' to restrict the costs that they could control: stationary, photo-copying, and more importantly their wage demands. Circumscribing workers as solely productive of "cost" acted to suppress wage demands, or to put it differently, it is by denying their claims to the flows of income that is derived from "shared services" that the low wages of workers in the SSC is legitimised.

On a short follow-up trip in 2009 I experienced the effects of the seat charge first-hand. Having been stationed in Beijing for over 10 months I was unsurprised to find the desk where I used to be stationed had since been allocated to someone else. I saw a vacant desk and asked if I could set-up my laptop. Two discussions and one phone-call later, Trudie, the worker sitting in the adjacent desk, told me "because [it] incurs no cost, yes, you can use the desk." Then I asked if I could use the phone to call the Shanghai office, to which her response was, "of course... if you have a passcode." In Beijing I never needed a passcode to make calls to another Systeo office. Similarly, in Beijing my desk was equipped with a phone and the IT department set-up a Systeo email account for me, both of which incurred costs and were unavailable to me during my fieldwork in Dalian. The rationale for this differential treatment is that the Beijing office is mostly "populated" by revenue-generators, hence is designated a profit centre; consequently the employees in that office are exempt from such cost controls.

Despite the obviously mundane and process-orientated aspects of their jobs and the explicit designation of their cost-creating capability, SSC workers often emphasised

the positive aspects of their jobs. This frequently took the form of differentiating themselves from the factory-like conditions and the labour intensive aspect of work. Susan proudly stated that her job required “communication skills, time management skills and soft skills.” Similarly, another worker in the Business Operations team, Joan Lau, told me that she had started out in another team but asked specifically to be transferred into “Biz Ops” because she got to see and be involved in what Systeo *really does* – consulting projects – and that her work was not just process work like the rest of the service centre. Not all workers however, were so enthusiastic. Carol Tang told me of the disappointment she felt when she first joined the team, realising the work was “*feichang* (extremely) administration.” She said that when she applied for the position it sounded interesting, but she soon asked to be moved to a position which did not require documentation work and where she could see her own *value* very clearly. In the end she moved to a team involved in more direct aspects of sales, where she felt she could infer her *value* from the revenues generated. Although Carol differed from other workers in her negative evaluation of “Biz Ops”, she similarly drew lines between revenue generation and job-appraisal. She enjoyed her new position where she felt more intimately tied to revenue generation, whilst Susan and Joan drew positive evaluation from their daily communication with people categorised as revenue-generators in the organisation.

But actually what Systeo *really does* is more than consulting; it is also engaged with projects of commercial outsourcing, both IT outsourcing (ITO) and Business Process Outsourcing (BPO). The centre acts as a model where Systeo can pilot techniques for aggregating the contracting-out process, i.e. techniques of shared services, honing and refining them as a practice ground for their commercial outsourcing products. If the business of consulting is selling subjectivities, they are first created in-house. Clients interested in procuring Systeo’s commercial outsourcing services would often be taken on a tour of Systeo’s own internal SSC in order to demonstrate Systeo’s expertise. These tours would focus not on the technical expertise of developing new work-streams, processes or IT systems, but rather on how these combine to produce the necessary subjects which underpin subcontracting. Contra the value chain hierarchy, consulting is not the superior value-creator to outsourcing. Rather, I would argue that the distinction between the two knowledge services is artificial, and consulting and outsourcing should be seen as a continuous process of

hollowing-out and reconstitution. It is the knowledge of this process which Systeo sells, and which is developed through its internal outsourcing arrangements.⁸⁵ Systeo is a leading player in the market for shared services, its expertise is crafted in its internally directed SSCs. The fact that this goes unmentioned reinforces the erroneous impression that SSC workers only produce cost.

In the next and last part of this chapter I will examine how workers reconcile their subordinate position in the value chain with their high moral standing in contemporary China. I will show how shareholder value is displaced in this setting by an emphasis on the cultivation of a different kind of value which is grounded in the local context, that of *suzhi*, the “quality” of persons. Furthermore I will argue that the ways in which Systeo culture imbricates with the pursuit of “quality” shows how Chinese knowledge workers can apprehend corporate culture for their own means. As much as corporate culture can be a technique of management and worker discipline (see Freeman 1993, 2000), it can also, conversely, be a resource which is appropriated by workers for their individual projects of moral value, which are not isomorphic with the hegemonic discourse of value in this setting, i.e. the creation of shareholder value.

Suzhi and Consumption

“*Suzhi*, for which “quality” is in many respect [sic] an inadequate translation, refers to the somewhat ephemeral qualities of civility, self-discipline, and modernity... (it) marks a sense and sensibility of the self’s value in the market economy. As such, it is often used in the negative by the post-Mao state and educational elites to point to the lack of quality of the Chinese labouring masses” (Yan 2003: 494).

Suzhi is a concept that has come to define the post-Mao period in China, the period since the advent of market reforms in the late 70s. Andrew Kipnis has noted that the contemporary use of *suzhi* emerged with the propaganda effort associated with the birth control policy which began in the early 1980s. In consensus with other discussions

⁸⁵ In chapter 4 I also discuss further the saliency of outsourcing to Systeo’s own business of consultancy.

of *suzhi*, Kipnis argues that the policy was communicated as “raising the quality of the Chinese population by limiting its quantity” (Kipnis 2007: 388). Similarly Vanessa Fong has observed that Chinese officials deliberately avoided Malthusian undertones, that is, they did not present the one child policy as a means to prevent famine, but rather portrayed low fertility as an integral component of the cultural model of modernisation (Fong 2004: 71). In her fieldwork, which was also conducted in Dalian, she found a low level of resistance to the policy, which she attributes to the speed with which Dalianese urbanites have internalised this cultural model of modernisation (*ibid*). *Suzhi* is more than a justification for the imposition of draconian measures to facilitate the fertility transition. *Suzhi* discourse also justifies socio-economic and political hierarchies, legitimating inequalities of power, status and wealth between those of “high” *suzhi* and those “lacking quality” (*suzhi hen di*) (Kipnis 2006). Included in the latter group are those against whom the offshore workers defined themselves.⁸⁶ However, the factory-like aspects of offshore knowledge work, which echo the de-skilled and sub-divided characteristics of Fordist manufacturing, are such that workers must continually engage in projects of distancing. For the realities of working at the bottom of “the value chain” clash with their own self-representations as people of high *suzhi*, whose “rightful” position lies at the top of socio-economic and political hierarchies.

In the post-Mao period the word *suzhi* has undergone significant transformations. It no longer connotes the natural in a nature/nurture dichotomy, and it is widely accepted that a person’s *suzhi* is deeply affected by their upbringing. As indicated by the slogan “education for quality” (*suzhi jiaoyu*), which was coined by Chinese policy makers in the late 1980s, the consumption of certain substances can cultivate one’s *suzhi*, albeit within certain constraints.⁸⁷ Indeed, the consumption of education has been advanced as particularly critical for the improvement of one’s *suzhi*. Furthermore, the relationship between education and *suzhi* serves to reinforce the one-child policy, as parents invest more and more of their money into cultivating a high

⁸⁶ The workers were prime examples of the urban, middle-class subject, to which the labouring rural migrant is defined in relation to, the former being fetishised as the site for the accumulation of the very dimensions of *suzhi* which are absent in the latter (Anagnost 2003: 190).

⁸⁷ In 1985 the CCP (Chinese Communist Party) Central Committee declared that “raising the *suzhi* of the people of the nation was the basic goal of education system reform” (Kipnis 2006: 298)

quality child which precludes the economic possibility of a second even when permitted by law.⁸⁸

Most of the SSC workers were born around or after the enforcement of the one-child policy in urban areas in 1980. And most, but not all, were singletons, i.e. sibling-less.⁸⁹ These singletons were generally very well educated, possessing at minimum a Bachelors degree from one of Dalian's elite universities, and a great many had been educated in the UK, US, Canada or Australia – some for their Masters degree, others for both Bachelors and Masters. Some had also worked abroad, like Leng Lai, who studied for his Masters in Dublin and then worked for an Irish accountancy firm for 7 years. Another, 27 year-old Zhang Lai, had recently returned to China after spending 10 years in the US, which included studying at the University of Missouri and then working in a small accountancy firm in New York for two years. A number of workers had also acquired “PR” (permanent resident) status in the country they studied and/or worked in, like Tilly Zhao who had become a Canadian resident, and Gavin Yang who had gained Australian PR status. However, both of them had let their residencies expire. As Gavin Yang explained, “there is only one option – to return to China – because my parents are here.”

In contrast to prior waves of emigration, which led to Chinese communities in South East Asia, North America and Europe, these middle-class urban Chinese had no intention of remaining outside their ancestral land (*zuguo*). They would not stay abroad to send remittances and instead stressed that they always intended on returning to China. For the investment that parents had made in their education was more about cultivating their *suzhi* than securing future financial returns. Workers who had studied abroad did not necessarily receive higher salaries than those who had only studied in Dalian. As one manager, Li Mei, put it, “it’s not worth sending your kid abroad, if they don’t have work experience they won’t leapfrog people who’ve only been (educated) in China.” Although studying abroad would make a potential employees more attractive to

⁸⁸ Loosening of restrictions are such that if both parents are singletons then they are permitted to have two children, even in urban areas.

⁸⁹ One woman told me that she had a sister so I asked her how that was possible (given the one-child policy). She said that her mother used to work for the government and then quickly gushed “I’m so sorry!” putting her hand over her mouth. I asked her why she felt sorry, to which she said “because it’s not...” “fair”, another worker interrupted. As a high-ranking official her mother was exempt from the regimes of birth control imposed on most urban Dalianese.

waiqi, foreign enterprises like Systeo, where the pay is usually higher than local private companies, Li Mei explained that the differential was insignificant compared to the amount invested in overseas education. “Some analysts have been to the UK for 2 years, two hundred thousand renminbi (£20,000) it costs and then they get three or four thousand (£300 or £400) a month starting out in the SSC – you do the math!” she exclaimed. I found this to be an over-estimation of an entry level position in the SSC: most new employees with no prior work experience started at RMB 2500-3000 (£250-300) a month. Nevertheless, her point – that sending your child abroad does not constitute a worthwhile financial investment – still stands. Li Mei was rather exceptional in the fact that her parents had not funded her studies abroad. Instead she financed her MBA degree at Concordia University, Montreal, through a fellowship and by working part-time as an accounts clerk. Including a few years working in finance, she stayed in Canada for a total of 7 years. Her job at Systeo was her first since returning to China and she said that her salary was not comparable to what she received in Canada. She told me “the reason why I can accept the (pay) gap is because I want to be near to my family, as long as I can cope to have a good life it’s ok.” This was a sentiment expressed by many of the workers, whose high socio-economic status enabled them to privilege the proximity of kin over remuneration.

Linda Song, the HR manager of the SSC, told me that many of the workers came from families that were “*you qian*”: wealthy.⁹⁰ They were graduates of Dalian Foreign Language University or North Eastern Finance and Economics University, second-tier universities in China, so tended to be wealthier than those from first-tier universities, which cream off the most talented students of all backgrounds. “It may be their first job but they drive to work in their own car and have their own flat, all bought by their parents!”, she told me. This is perhaps an exaggeration, since many of the single female workers lived with their parents and very few workers actually drove to work.⁹¹ Instead it was commonplace for them to travel by bus, given Dalian’s extensive and well-developed public transport. However, the consumption practices of the

⁹⁰ To clarify she was the *onsite* HR manager. She was one of the few employees who were not engaged in offshore work of some sort, rather she was engaged in recruiting and other HR aspects of the offshore workforce.

⁹¹ Unless their parents did not live in Dalian unmarried women usually lived with their parents. I knew of one worker, Tilly Zhao, 32, whose parents had helped her put down the deposit for her flat located in Lushun, the development zone just outside central Dalian. But she did not live there - she stayed with her parents who used the flat in Lushun as their weekend home.

predominantly female workforce gave an indication of their socio-economic background and also resonated with previous anthropological discussions of *suzhi*, which animate the importance of consumption in “the pursuit of quality” (Kipnis 2007: 388).⁹² I was able to observe these practices first-hand and in narratives: consumption, particularly of luxury goods, was a regular topic of conversation in the English classes I facilitated.

As part of my access negotiations into Systeo I agreed to provide English classes, conversational and business writing skills, to employees. Where possible these were held in one of the few meeting rooms on the office floor, but when these were all occupied I held classes in the kitchen situated in the middle of office. These classes allowed me to meet a large number of employees on a regular basis. Each conversation class comprised 6 or 7 workers whom I encouraged to talk about any topic of interest to them. If they preferred some direction I would draw on themes which Sophie Ma, the most senior mainland Chinese manager, had chosen. These were usually business related and included “work-life balance”, “women in the workplace” and “career development”. The writing classes also had 6 or 7 participants, and in these I asked workers to send a sample of emails they had written to clients, including clients’ responses, which I would correct and use as teaching material. In one of the conversation classes Sally Fu, a single 27 year-old worker, initiated the subject of buying expensive or *mingpai* (branded) goods as opposed to cheaper alternatives. She justified the purchase of her expensive mobile phone, saying, “It is a symbol, it shows I am an office girl, I do not work in a factory.” Jane Yu, a married 30 year-old worker, added that although people sometimes spend more than RMB 3000 (£300) on a phone, it is possible to buy one for as little as RMB 200 (£20). Indeed, when I got to Dalian I bought a Korean-brand mobile for RMB 600 (£60). Another woman, Emma Cai, disagreed with Sally. She said that she pays a lot for branded items because they are of better quality, giving an example of the designer bag she owns which had lasted 3 years. Jane asked Emma for the name of the designer before then disclosing that she owned two *mingpai* goods: a Miu Miu handbag and a Longine watch.

After the class Jane took me to her desk to show me photos of her 2 year-old son. She had many folders of digital photos on her computer. Some of these were

⁹² Kipnis has argued that “individual Chinese of many backgrounds consume a dizzying variety of books, nutritional supplements, clothes, exercise equipment, medicines, and educational programmes in the pursuit of quality for themselves and their children (ibid.)

candid pictures, while others were “*yishu*” (arty) ones which were taken in a professional studio. The latter had cost RMB 1000 (£100) and consisted of an album of her son dressed-up in various costumes. In one photo he brandished a machine gun wearing a military-style uniform complete with side-tilted beret; in another he resembled a miniature Mozart; and in a third he was dressed as a “red Indian”. Then Jane showed me studio photos that had been taken when she was pregnant. These included a black and white shot of her lying on her back, naked, with her hands placed strategically over her breasts and her legs crossed. Lastly she went through her wedding photos, also taken in a studio, which show her and her husband in various ‘romantic’ poses, with her wearing a puffy white bridal gown and him wearing a morning suit. Next to these were photos of the two of them in Chinese *gudai* (traditional period costume) clothes. “I know these aren’t very *liuxing* (popular) in the UK but in China they are, why don’t you get some done?” she suggested to me. Indeed she was not the only worker to have paid considerable sums of money for professional photographs to document key kinship ties: many women personalised their desks by adorning them with similar photos displayed in colourful, ornamented frames. Their conspicuous consumption was proudly on show, signifying and freezing in time their high *suzhi*. Such practices helped to bring meaning to the world of routinised work; work was also an opportunity to publically display *suzhi* of themselves and their kin.

Having lived in London for 3 years, Jane spoke English relatively well, and had followed her husband who had lived a total of 10 years in the UK before they both returned to Dalian. She told me that if she had not become pregnant they would have probably stayed a little longer, since she had already secured a place at the University of Bath to take her Masters degree. But she went on to say that one of the reasons they decided to come back to China was that the Chinese people that they met in England were not the sort they wanted their child to grow up around: “their kids hadn’t really turned out that well”, she explained. She said that if she had met me at the time (someone studying a PhD at LSE), they may not have left. By virtue of the accumulation of education indicated by my degrees, Jane took me as a person of high *suzhi*. Furthermore Jane’s comments revealed the importance of exposure in the quest for *suzhi*: – exposure to people of high *suzhi*, especially during childhood, will positively affect one’s own accumulation of quality and vice versa. This is exactly what the SSC provides, an abundance of high *suzhi* co-workers.

In this setting education is revealed as another form of conspicuous consumption which can nurture one's *suzhi*. Undoubtedly workers were more than qualified for their de-skilled jobs. This was the intended outcome of Systeo's hiring policy, which specified higher entry requirements than local firms, and HR made no secret that they preferred applicants who had spent some of their education in a Western, English-speaking country. But Western degrees were not coveted for the level of technical skill or knowledge they demonstrated, rather for the cultural and linguistic exposure which they indicated. In line with the official *lingua franca* of Systeo, workers in the service centre, and indeed all of Systeo's outsourcing functions – its OSCs and SSCs – were expected to use English in their business communication. Although workers serving Japanese "clients" spoke Japanese, documents which formed part and parcel of their working lives and experience of Systeo corporate culture were formulated in English. For example, all soft-skills training literature was in English, as was the intranet which broadcast Systeo news, employee blogs and careers information, and the performance management system which measured and documented employees' performance. On the intranet they were able to find out about Systeo's American CEO, John Scott, such as when his next visit to Dalian would be. Also, some employees made it to the "Employee of the Week" pages, which showcased Systeo's "Global Workforce" in the form of interviews of employees drawn from Systeo offices around the world. One senior worker, Katie Wang, was one such employee. Two of her colleagues, Gina Choi and Jiang Zhang Lai, mocked her responses saying that they were "so Chinese". For example, her answer to the question, "What has been your greatest achievement to date?" was "My children".⁹³ Asian-American worker Gina thought the question clearly referred to her greatest *career* achievement, and said that Chinese people often mixed-up work with their personal lives. Recent returnee Zhang Lai took Katie's responses as further evidence of her lack of professionalism which she had encountered elsewhere. They displayed a degree of antipathy towards her which was, at least for Zhang Lai, couched in terms of *suzhi*. On hearing that I had chatted with Katie in the ladies toilets, Zhang Lai said, "I am speechless when you talk to low quality (*suzhi hen di*)."⁹⁴ Aside from essential working interaction Zhang Lai kept her distance from Katie. Zhang Lai, like Jane, saw a direct relationship between one's own *suzhi* and the *suzhi* of

⁹³ Katie Wang had given birth to her two children in Canada which allowed her to circumvent the one-child policy.

those who surrounded her; she did not want to be tainted by exposure to people of low *suzhi* and had admonished me for my reckless attitude towards (the protection of) my own *suzhi*.

Gina also found problematic the professional conduct of her manager, Li Mei. She recounted a conflict between them which had involved “Celebrating Performance”, an incentive scheme which rewarded employee performance through consumption. This scheme is one example of how Systeo enabled conspicuous consumption by building it into the architecture of its corporate culture. Described by one Dalianese manager as “online shopping”, Celebrating Performance took the form of an intranet website where employees were invited to redeem their performance points, which are awarded for exceptional performance from their “career counselor”, usually their direct superior. In a training session, senior worker Tilly Cheng showed me her brand new Sony Ericsson mobile phone and iPod Touch, which she had “bought” off the website. Other workers had bought anything from cameras to electric toothbrushes. After the latest round of appraisals Gina had received a memo from the Celebrating Performance system, congratulating and thanking her for her hard work and high performance of the last year which accompanied the awarding of points. On that occasion she scrolled to the bottom of the email only to find she had been awarded zero points. She immediately took the matter up with Li Mei, saying “is this an April Fools’ joke, where’s my points?!” Li Mei replied, “because you always give your points to charity I gave your points to other team members… I wanna give it to people who wanna buy things.” As an alternative to material goods, workers can also redeem their points by giving them to charity at an “exchange rate” of one US dollar to one point. Gina replied that it was her choice not Li Mei’s: “My house has all the iPods we want, I want to give my points to charity”, she explained forcefully. Li Mei did not dismiss the idea of giving money to charity, telling Gina that when she lived in Canada she made regular donations to the Make a Wish foundation, a charity which raised money to grant the wishes of children with life-threatening medical conditions. Rather, her privileging of material goods points to an important intersection between *suzhi*-cultivation and the cosmopolitan aspects of Systeo culture.

Celebrating Performance was one of the features of Systeo culture which differentiated this American multinational from state-owned enterprises and other local workplaces which lacked an explicit corporate culture. It was a channel which not only

facilitated conspicuous consumption but also engaged workers with a cosmopolitan imaginary which distinguished them from the labouring classes. Coming from a central Systeo warehouse, these goods were often not designed for the Chinese market, such as Tilly's Sony Ericsson phone which did not have a Chinese language setting. She was unbothered by the inconvenience of not being able to receive nor send text messages in Chinese, saying "I'm still going to use it, anyone who wants to contact me will just have to write in English!" I asked her if that would be a problem to which she responded with a big smile, "No, most of my friends speak good English." Although she had forsaken her Canadian permanent residency, Tilly very much saw herself as belonging to the cosmopolitan class of *nouveau riche* in urban China. This fact was externalised in her appearance, which was marked by Western branded clothing, and her Canadian accent, which revealed her education, social background and exposure to foreign influences. These qualities came together in a workplace which explicitly sought to expunge traces of locality, as exemplified by "Non-Chinese Week", where workers were banned from speaking Mandarin and were only permitted to speak English or Japanese, even to each other. Workers were supposed to be fined one *kuai* (RMB 1) whenever they were heard uttering Mandarin, a system which encouraged mutual surveillance, although it eventually collapsed as workers found the initiative impracticable and inefficient. Many workers did, however, try to speak English/Japanese to native speakers and there were no shortage of people who wanted to converse in English with me. English, as the *lingua franca* of Systeo, was not seen as a nuisance but rather was a critical and valued aspect of Systeoness which employees expected in an American multinational. When Christina Teoh, the Malaysian-Chinese director of the centre, decided to change the operating language of parts of the employee database from English into Chinese in order to improve clarity of communication to the mainland Chinese employees, senior managers Sophie Ma and Clare Mao went to her office to object. They rationalised that as an American company Systeo should only use English. For Chinese workers, the SSC was a place where they could perform and improve their high *suzhi*, that is, where they could achieve their self-realisation as middle-class, cosmopolitan subjects. In that vein, they readily disposed of markers of the local context, such as their Chinese first names, Chinese accents and even written Chinese communication.

In other domains, however, the “local” was not effectively expunged nor was it desired. One example concerned the MSN names of workers who all used the MSN messenger service as part of their daily communication with their clients. I quickly learnt that in order to keep in contact with workers I needed to ask for their MSN name on first meeting, as they would always be online. When I logged onto the service on April 8th 2008, I noticed that many of the workers had prefixed their names with “I Love China” – “love” being represented by a red heart. The number of workers adding this prefix grew each day. They wanted to display their patriotic sentiments at a time when they felt China was under attack: a day earlier protests had marred the segment of the Olympic torch relay held in Paris. Photos circulated around the office showing anti-French protests outside the Dalian stores of the French supermarket giant, Carrefour, and workers could often be found discussing the protests in the office kitchen. One younger worker, Xiao Mei, 24 years old, told me she and her parents had boycotted Carrefour “especially on May 1st, Labour Day”, a public holiday. In the same conversation Judy, 32 years old, added that Chinese people were boycotting all French goods, not just Carrefour. These included “LV (Louis Vuitton), Polo (Ralph Lauren) and CD (Christian Dior)” to which Xiao Mei let out a gasp before saying “CD is French?!”.⁹⁴ It transpired that she had recently bought a pair of Christian Dior sunglasses for RMB 1700, almost a month’s wages. I asked whether she would still wear them now that she knew that CD was a French brand. “All my life, how do you say that in English?”, she replied. Indeed, I spotted her wearing the glasses a month later on the office trip to a local theme park, where she posed in photos showing off her luxury purchase. Yet not all workers held cosmopolitan aspirations, such as David Wu. In a conversation class where the workers discussed their consumption of luxury goods, he told the group that he saved 70 percent of his income so that one day he would be able to travel, not abroad, but to Huangshan, Yellow Mountain, in Anhui province, which is widely regarded as one of the most beautiful and scenic places in China. To reiterate his point he said that even if he won RMB 100,000 (£10,000) on the lottery he would still go to Huangshan.

⁹⁴ Ralph Lauren is actually an American brand. Although workers usually displayed detailed and accurate knowledge of Western luxury brands it usually centred around the expensiveness of goods i.e. the price.

Patriotic sentiments sometimes posed uneasy questions to workers in their interactions with foreign colleagues – their clients. Jane Li, the worker who had shown me the photos of her son, spoke of the discomfort she felt when her clients acted “above” Chinese people. “I know I shouldn’t feel sensitive to this but I can’t help it,” she told me. In addition she explained that she did not understand why many people outside of China think of Chinese people as poor and not modern. Her comments ignore the massive socio-economic inequalities both within the urbanised East coast and between the urban and rural areas. Instead, they refer to a particular set of Chinese people which included many of her Dalian co-workers, who also displayed the middle-class subjectivity characterised by cosmopolitanism, high levels of education and general conspicuous consumption.

Conclusion

In this chapter I have sought to demonstrate how the status of Systeo’s own shared service centre in Dalian, as a new asset stream, that is, a resource that generates a flow of income – is repeatedly denied by the cultural distinctions which inscribe this workplace and its workers as cost-generating. This is achieved through the particular shape that outsourcing takes, which I have described as “hollowing-out”, and which shows that what gets outsourced is not, in the first place, determined by a cost-saving rationale. In short, outsourcing is not justified by recourse to lowering costs. Rather this is a claim that has to be performed. It is by crafting offshore knowledge workers as persons of “cost” that the cost-saving rationale is enacted, a rationale which, moreover, obscures the positive contribution that offshore knowledge workers make towards Systeo’s business. My analysis shows that cost-generator is a subjectivity which is relationally defined by its close cousin, the revenue-generator, which is the focus of discussion in the next chapter. Furthermore I show that cost-generator does not fully encompass the subjectivities that can be found in the SSC. Workers here also display subjectivities which correspond to their status as middle-class subjects with cosmopolitan aspirations, and which reference not shareholder value but the moral standing associated high *suzhi*/quality.

That said, these alternate subjectivities can be realised, in part, through engagement with Systeo’s “global” corporate culture. Although there were examples of

workers who asked for, and sometimes achieved, transfers to the Beijing or Shanghai office where they no longer had to engage in process-oriented work, most workers accepted that their futures lay in offshore service centres. For the Dalianese middle-class who wish to stay in Dalian and work in a multinational company, outsourcing work represents the only option. Many of the workers were in such a position, returning from Western countries where they had taken their higher education and worked in order to be with their families, not only to fulfill their filial obligations as the only child of their parents, but also to cultivate and ensure the high *suzhi* of their child(ren). I would also argue that some of them had returned to cultivate and maintain their own *suzhi*, a relational concept which acquires meaning only when contrasted with those who lack quality. In short, the high *suzhi* of the middle-class subject is meaningful only when placed against the low *suzhi* of the rural-migrant, or the Chinese “immigrant”. Identifying with neither of these two low quality categories of persons, workers in Systeo’s offshore service centre were faced with the contradictions of working at the bottom of the value chain, whilst simultaneously constructing themselves as persons of high *suzhi*. This was achieved by casting the service centre as a place of high *suzhi*, a cosmopolitan site of consumption where they could display their conspicuous consumption to each other.

Starting from their entry qualifications which often indicated cosmopolitan aspirations, in the choice of major – English or Japanese – or in the choice of institution – a university outside of China – workers advanced these aspirations through the avenue of work. Being employed at Systeo exposed them to working practices which were not found in state-owned or local private firms, such as Celebrating Performance and ‘Non-Chinese Week’. These often invoked a notion of the “Global” which was defined in contrast with the “Local”, a symbiotic relationship where the former sought hegemony over the latter. I have tried to show that although the “Global” inscription of Systeo’s corporate culture resonates with workers’ desires to realise a cosmopolitan subjectivity, this is not to say that all traces of the “Local” are expunged in this setting. In fact, the project of cosmopolitanism being pursued is distinctly rooted in the cultural model of modernisation being propounded in post-Mao China. In agreement with Lisa Hoffman’s notion of “patriotic professionalism” (Hoffman 2006), I would contend that Systeo’s back-office workers in Dalian creatively combine their quest for self-

improvement with patriotic sentiments that contextualise their subordinate position in the global “value chain”.

Chapter 3

Making revenue-generators: Training Value in the Front-Office

Although Systeo's consultants spend the majority of their time at the workplaces of their clients, there are a few occasions when it is necessary for them to make the journey to Systeo's office in downtown Beijing. Or to be more accurate a five-star hotel in close proximity to the office. This is where Systeo holds a number of key corporate training sessions as well as its quarterly "Community Events". The latter are a kind of corporate ceremony designed to collapse the distinction between work and the personal domain, by incorporating themes of leisure and play into the production of management. They are also opportunities when Systeo's core values can be illustrated, where the mass of lower-level consultants can listen to official narrations of Systeo's "culture". In the Spring of 2009, just a few months after the financial crisis had kicked-off, I attended one of these events. Once all the consultants were seated a partner from Hong Kong walked "on stage" and a slide appeared on the overhead projector. It listed the "Ground Rules" for the day [figure 7]:

- Speak Mandarin
- No Mobile, No laptop, No Blackberry....No Nothing.
- Stay with us, be on time.
- Engaged....Passion...Action follow.
- Sense of information confidential
- Have fun!

Figure 7: "Ground Rules" for the Beijing "Community Event"

In my fieldnotes I had written that this final bullet point could only be taken ironically, since what ensued was four non-stop hours of presentations given by Systeo partners, not all of whom are engaging speakers. These covered organisational reshuffles, updates

on the latest consulting deals, and topics such as “Strategy in the Financial Crisis”, and “News from Global”- the company’s American headquarters. That was not the only irony that struck me. Whilst the partner from Hong Kong struggled to speak Mandarin, her tones often slipping, and pronunciation belying her Cantonese mother tongue, almost all of the Systeo employees who had gathered to attend this event are fluent in Mandarin. They are, afterall, mainland Chinese. Instructing them to “Speak Mandarin” seemed unnecessary. But what I had initially failed to grasp in my surprise was the inscription of this event as one where “employee engagement” – the overarching objective of the HCS Program – could be promoted, namely by eliding associations with work. Hence workers were encouraged to not speak English – the official Systeo language – but Mandarin – the local language. Furthermore employees are told to switch off their mobile phones and laptops which are usually clamped to their palms, and are reminded to be engaged and have passion. But other rules remind employees that this is, nevertheless, a work event, and urge them to maintain professionalism through a “sense” of confidentiality and strict time-keeping, revealing the limits of this distancing from work proper.

I was pleased to find all of the consultants that I had met thus far were present at this event. Having spent so much of my energies “chasing consultants” it was a rare occasion that I could find them in one place. It was only later that I found out that attendance is mandatory and that any absentees are noted down by HR. Consultants told me that their attendance of these events contribute to their annual performance evaluation; HR staff explained that attendance demonstrates “employee engagement”. Furthermore, these events are an opportunity for senior partners to present a definition of “what consultants do”, that is, the object of consulting. In the following vignette of a “break-out session” – when the employees are broken-up into smaller groups to facilitate audience participation – an American partner based in Beijing asks a group of consultants a rather pertinent question.

“What do you tell your parents you do?”

“A doctor, we are like a doctor. If a client has a problem we go in and help them”, *volunteers a young female consultant.*

The partner wrinkles his face.

“Wouldn’t it be better to tell people ‘I reduce 10 million in inventory?’ Or ‘I raise revenue by 25%?’ Doesn’t that sound much better than saying ‘well...I make clients these, err, deliverables, these Powerpoints...’”

The partner shifts the focus away from the substantive content of consulting – what consultancies do – to the heralded *effects* of consulting: **lowering costs** (for example, by reducing inventory) or **increasing revenue**. Why Systeo should wish to emphasise the effects of consulting, over the actions engendered to achieve these effects, is connected to the claim that consultancies make to their clients – that they “create shareholder value”. They may not be able to tell you what they do, but one thing that consultants can tell you is that they “add-value”. Moreover, it doesn’t matter what they do, *as long as* they add-value. So how are lowering costs and increasing revenue related to the claim of creating shareholder value? To answer this question it is necessary, first, to explain the principle of financial valuation upon which this claim is made.

The generation of shareholder value is often taken as or evidenced by rises in share prices, but the mechanisms by which these rises are created are less obvious. In his fieldwork in a number of financial companies, anthropologist, Horacio Ortiz, documents the various approaches to value deployed by investors to carry-out financial valuation. One way is to decipher the intrinsic or “fundamental” value of a company. In this approach the value of a company is seen as the actualised sum of its future returns. Ortiz explains that “fundamental valuation is considered to be an act of ‘authenticity’ and ‘conviction’ about the ‘fundamentals,’ based on informed wagers about the future” (2010: 66).⁹⁵ But the problem is, as psychoanalyst David Tuckett has pointed out, there are no *known* fundamentals (Tuckett 2011). That is to say, investors cannot say with certainty, *ex ante*, what factors will determine the performance of a company’s shares.⁹⁶

⁹⁵ There are also speculative and relative approaches to value. The former “is based not on ‘the fundamentals’ but on the expectations made by ‘the investor,’ at any given time, of what the other market participants are going to do in the short term (in the next few seconds or days)” (Ortiz 2010: 66) and the latter is based on a comparison of a single listed company with other listed companies (*ibid.*) Ortiz notes that “speculative” valuation has received more attention than the other approaches, which are arguably more mainstream and more commonly practiced amongst fund managers and financial analysts. He hypothesises that this may be because it is a departure from “the idea of ‘market rationality’ that justifies financial markets politically” (*ibid.*).

⁹⁶ Tuckett has characterised this context as one of radical uncertainty, that is to say, investors can not know what will happen tomorrow. He argues that, under such extreme uncertainty, the job of buying and holding stocks is invariably fraught with emotion (2011).

On the other side, the management of publicly listed companies cannot say with certainty what will please investors. This is a point emphasised in one of Systeo's white papers,⁹⁷ entitled "Do Investors Have An Accurate Picture Of Your Company's Value?", which was published in 2006, where it states:

"There are no standard metrics to track investors' future expectations for a company, which reflect what they believe about the company's strategies."

In summary, investors don't know what will determine the creation of shareholder value, nor do company managers. The role of consultancies lies in bridging this cleavage between investors' wagers and managers' wagers. Consultancies claim they have knowledge of, and can control, the uncertain process of creating shareholder value. This is a claim made in the afore-mentioned white paper where the following question is directed to prospective clients:

Is your company's strategy appropriately valued by the market?

The remaining content of the paper is a short-sell in Systeo's expertise of managing this process of market evaluation, that Systeo can control the subjective act of interpretation undertaken by market actors. Put differently, the craft of consulting is the trafficking of signals between investors and (the management of) companies. This is achieved by automating the production of representations which reference the financial health of the company, since investors often turn to a company's financial statements in order to make predictions about its future returns. Lowering costs and increasing revenues, the two effects of consulting described by the partner, are two mechanisms by which this flow in representations can be enacted. These mechanisms aim to improve the balance sheet, so producing a favourable indication of the company's "fundamentals".

How Systeo goes about the tasks of lowering costs and increasing revenues is inextricably connected to the value logics that it propagates. What we find is that these

⁹⁷ These are available on its website (which for reasons of anonymity I cannot cite), and are often also produced as hard copies which are given to clients, as part of the sales process.

two mechanisms are not enacted by the workforce as a whole, but by splitting it into separate factions which are defined *either* by (lowering) costs or (increasing) revenues. Consultants are the employees who are specifically tasked with increasing revenues, not just for their clients, but also for Systeo. This is achieved by intervening in the “value chain” – a concept devised in the 1980s by management theorist Michael Porter, also known as the “father of strategy”. I first mentioned the value chain in the previous chapter, to describe how SSC workers are subordinated to consultants based on their inferior position in the value chain. Here it is instructive to elaborate on this concept of Porter’s and see how it connects with Systeo’s main consulting product – the installation of ERP systems. Porter adopted a process view of organisations, the idea of seeing a manufacturing or service organisation as a *system*. For him, an organisation is more than the sum of its components – equipment, people and money – it can be seen as a collection of processes which can be tweaked to optimise the competitiveness of the firm. In his model of the value chain he seeks to link the activities within an organisation to an analysis of its competitive strength; production is conceived as movement of the product along a chain of activities with each activity bestowing value on the product, which therefore accumulates value in the process. Moreover, the linking together of activities into a chain produces greater value than the sum of each activity’s value. In other words, the architecture of the chain – the organisation, designation and linking of activities – is a source of competitive advantage (Porter 1985). System is fundamental to the creation of “add-value” – and the work of consulting can be conceptualised as designing and making material the chain which optimises the multiplier effect. Learning the logic of this architecture is fundamental to the consultants’ work of material and ethical restructuring which they impose on their clients, and in the process the wider economy. The installation of ERP systems like SAP encapsulates the technical aspect of this architectural restructuring, but alongside the material work of engineering value chains, consultants are engaged in disseminating *an ethic* which supports the material changes they enact.⁹⁸ That ethic is the duty to shareholders, to reward their investment and maintain their trust.

⁹⁸ In the SAP white paper, *Enabling Value Based Management* (1999a), SAP describes ERP systems as providing “organisations with an integrated solution for planning, executing, and controlling business processes *horizontally* across the value chain” (1999a: 20). SAP’s particular formulation of ERP systems, “SAP Strategic ERP management”, SAP’s next-generation solution, “will extend these principles of integration *vertically* to support strategic management processes such

As Julie Froud and her co-authors have noted, shareholder value “can be variably invoked as cause, consequence or justification” (Froud et al. 2001: 81) of consulting. This semiotic flexibility is used to great effect in the process of “value-chain” acculturation, a term which I use to describe how consultants are trained in a logic of value which creates categories of persons, revenue-generators and cost-generators, with value being the preserve of the former and not the latter. Whilst back-office workers who work in the offshore service centre in Dalian are constructed as devoid of value, their sole output being the generation of cost which destroys value, as revenue-generators, consultants are exposed to a mode of operation which depicts the content of their work as a generalised function of the ultimate goal of shareholder value. From the moment they join the firm they are encouraged to define consulting as the act of creating (shareholder) value, rather than focusing on the content of the job. This reconceptualisation of consulting is something that consultants learn over the course of their careers at Systeo, which, broadly-speaking, encompasses their journey from new joiner to senior management. In short, moving-up the organisational hierarchy, for consultants, is marked by the performance of a subjectivity which reveals them as people who create value. But the shift is more than a change in representations. It is matched by a corresponding shift in their productive potential to create value. In other words, exposure to value-chain acculturation produces a tautological outcome where consultants produce value because they are designated value creators, but at the same time are designated value creators because they claim to be the only category of persons who produce value.

In this chapter, I will show how this process of acculturation is, in part, enacted through a set of knowledge practices which construct consultants as the sole producers of value for Systeo, and therefore the “rightful” claimant to the title of revenue-generators. These practices operate in concert with the process of hollowing-out, which I described in chapter 2. It is only by hollowing-out that consultants can assume the appearance of revenue-generators – defined by their *lack* of visible cost more than their revenue generating potency. This thin veneer of revenue presents a superficial definition of corporate personhood, but it is little more than that. We will see how, to fortify and stabilise this uncertain status, consultants must be inscribed with the necessary potency

as strategic planning, risk management, performance monitoring, and value communication” (*ibid.*).

to embody the category of revenue-generators. In fact, consultants frequently narrate themselves as the *only* employees who create value. This is achieved through their exclusive exposure to knowledge practices which teach them how to create value, specifically, how to construct value propositions – a concept which will be explained shortly.

In the ethnography that follows we will see that these knowledge practices blend and splice together value in the sociological sense – notions of what is desirable or good – and value in the economic sense – the degree to which objects are desired, as David Graeber has summarised (1991: 1). Daniel Miller makes the same distinction when he talks about inalienable value and alienable value, and how they are both referenced in everyday uses of the term “value”. He argues that,

“what value does, is precisely to create a bridge between value as price and values as inalienable, because this bridge lies at the core of what could be called the everyday cosmologies by which people, and indeed companies and governments live” (Miller 2008: 1123)

I would extend Miller’s argument to contend that the conceptual terrain between value and values provides fruitful ground for excavating the *ontology* of management by which consultants live. For the work of consultants, if nothing else, is to establish a new order of business practice, inscribing a theory of value which finds expression in this conceptual in-between. Consultants not only become experts at constructing value propositions, but they are also responsible for ensuring their proliferation, evidenced by the ubiquity of the phrase “how can you ‘add-value?’”. Value propositions are a central structuring logic within Systeo and it seeks to spread this logic amongst its clients. And when Systeo’s clients comprise three quarters of the Fortune 500 list, local and national governments, including the Chinese state, the scope of their ethical restructuring cannot be underestimated.

In short, consultants must both create shareholder value and establish it as “the right thing to do”, that is, establish it as *the* ethic of business practice. This is also what investment bankers must do – the claim of Karen Ho, which she articulates in her ethnography of Wall Street. She argues that for her informants

“shareholder value meant more than raising the stock price of a corporation: it also signified a mission statement. Creating or reclaiming shareholder value was morally and economically the right thing to do; it was the yardstick to measure individual as well as corporate practices, values, and achievements” (Ho 2009: 125)

Ho gives a compelling account of the historical emergence of shareholder value in the takeover movement of the 1980s and demonstrates how it has become entrenched into corporate discourse and governance. In part it is through the onslaught of financial activity which investment banks have wrought on corporate America to create shareholder value in the form of short-term spikes in share prices: mergers and acquisitions, leveraged buy-outs and junk bonds. It also through the institutional culture of banking which subjects bankers to the very effects which they impose on corporate America. She describes a world of constant job insecurity, a culture of smartness and a punitive work ethic which “impels Wall Street downsizing” as “the model of workplace relations” (Ho 2009: 247). Her argument is that by experiencing the effects of shareholder-value-led-restructuring in their own workplace, bankers internalise the discourse of shareholder value and legitimise their own actions in restructuring the wider economy. For Ho corporate culture is a black box which both mediates and serves to explain the contradictions of shareholder value i.e. that restructurings do not always lead to efficiency and increases in share prices. What she fails to do is unpack the culture that she deems so powerful and explanatory – what we do not find out in *Liquidated* is how investment bankers are explicitly trained through regimes of management in a theory of shareholder value. I seek to address this notable gap in Ho’s work; through ethnographic description of the corporate training that consultants are subjected to, which aims to train them to accept the “truth” of the value-chain and its mechanism in generating shareholder value, what I term to be a process of value chain acculturation. To understand how consultants can tether an ethic, shareholder value, as the foundation of consultancy, it is of vital importance to see how consultants are exposed to, and trained in, shareholder value. As we will see, shareholder value is not always narrated as an ethic; at times it is construed as a product of science, acquiring an objectivity which lends an ideological force to the term. Also, at other times its ontology as an ethic is obscured by the explicit ethicising of shareholder value, which implies that

shareholder value itself is not an ethic. However, at other times the creation of shareholder value is explicitly tied to business ethics, that creating value for the company's shareholders is the right thing to do.

The Value Proposition

As consultants are promoted up the organisational hierarchy their responsibilities are less concerned with the day-to-day tasks of installing ERP systems, and more about how to sell consulting internally to junior consultants and externally to their clients. Internally, this entails becoming a “steward” of the company in the form of a career counselor to their subordinates. In this way they are co-opted into the project of disseminating value-chain thinking into the lower reaches of the firm. Externally, they must learn to sell Systeo’s system of value-based management, that is management defined by the ultimate goal of creating shareholder management, as a “win-win” strategy – a win for the client and a win for Systeo.⁹⁹ These responsibilities are officially communicated through a set of trainings for each level of management: managers, senior managers and partners. The first I got to observe was the annual “Manager’s Milestone” training, mandatory for all consultants who have been recently promoted to manager level. The title, “Manager’s Milestone” is both indicative and misleading. In making it this far, consultants have reached a turning point in their own acculturation into the value-chain, a point made clear in the content of the training. But most of them are not managers, in any meaningful sense of the word. They have been promoted to the next level up which happens to be called manager, and to mark the occasion they are the recipients of intense corporate training at a five star hotel in Beijing, to teach them how to create value not how to manage.

On the second day, Liu Xing, the Chairman of Systeo China, starts the proceedings by updating the newly promoted employees on the current state of Systeo’s business. Speaking in a soft American accent, he introduces the session as “looking at the natural environment for our business.” At the beginning of his speech he says,

⁹⁹ Value-based management is not a term particular to Systeo. Rather it is commonly used in the consulting industry and is also referenced extensively in publications produced by software companies which produce ERP systems, such as the SAP white papers which I have cited a number of times in this thesis.

“Emerging markets, like China, have become more important in our clients’ overall operations. Our clients have become more sophisticated and are looking for more specialised skills to do something they cannot do themselves. To do this we need to stay on top of technology, technological changes are gonna change this industry and impact our core competencies of consulting and outsourcing.”

Liu Xing narrates consulting as the provision of a service that clients cannot find or produce internally. He refers to Systeo’s expertise in information technology which is portrayed as superior to that of their clients. But technical expertise is not the only requisite of a successful consulting business. They also need the right people. At this point he draws attention to the Human Capital Strategy Program which he presides over, and which I examined at length in chapter one, he says:

“We need to focus on our Human Capital Strategy. Specifically address recruiting talent and leadership capability – we need to grow more partners, more managers.”

The critical part of this comment is the last clause – the stated “need to grow more partners, more managers”. Systeo adds value to their clients’ businesses by creating workers who embody the rationale of the value chain. Before they can do this at their clients they must first do this in-house. Not least amongst the employees who are charged with the selling of Systeo’s services to clients, senior management must be “grown”, to use Liu Xing’s phrasing, into an exemplary value-adding subjectivity – the revenue-generator. In this way Systeo tries to demonstrate to clients that the systems that they propose are effective at producing a professional business conduct which maximises value.

So how do they “grow” more partners and managers? Of fundamental importance is that consultants learn how to construct what is known in Systeo as a “value proposition”. In its most basic form, a value proposition is simply a description of an action which is justified by recourse to the production of value. This could be shareholder value, but not necessarily. Indeed, the word “shareholder” is conspicuously absent, lending a conceptual ambiguity to the term. What I hope will be apparent in the

ethnography presented in this chapter is that “value” in this setting cannot be understood solely as social values or economic value; nor solely as inalienable values or alienable value. But rather, as I sought to demonstrate in chapter 1, consultants are trained to promulgate an ethic within which financial value is subsumed, so collapsing these distinctions of “values” and “value”. Indeed, the central objective of these corporate trainings is to create management well-versed in this ethic so as to propel Systeo’s business into the future. This is taught progressively with employees being given more and more detailed and technical knowledge about how to construct value propositions as they are promoted up the management hierarchy.

In accordance with Systeo practice, the training is conducted by in-house “faculty” i.e. by a Systeo employee. The company avoids using external trainers for reasons of cost, but also because the master-student relationship invoked by using a senior employee to train a more junior one, serves as a template for the relationship which Systeo recreates with its clients. Just as senior employees are more in tune with value-chain logic than their subordinates, Systeo is more in tune than their clients who are portrayed as novices in the ways of value creation. In the Manager’s Milestone training consultants are told that in order to sell consulting:

“You have to convince yourself first, you have to believe [the value proposition]”

“You’re selling business and personal values”

In these quotes value is narrated as something that cannot be determined by an apparatus of technical manoeuvres alone, rather value is something that must resonate with the ethical predilections of Systeo’s clients. As we will see, *this resonance must be created*. Chinese partner Edward Zhang lectures the 160 newly promoted “managers” on the importance of relationships, he says that:

“Relationships win deals. We carried out a study in FY08 Q1 (the first quarter of the 2008 fiscal year), we found out that 65% of the time “relationship” was the key factor contributing to the win for Systeo or our competitor”

He tells them that one way of extracting valuable information out of their relationships is by making a “Deal Power Map” when formulating a sales pitch. He tells them that crucial to securing a deal is understanding the organisation of their client. But a power map is not an organisational chart [figure 8]

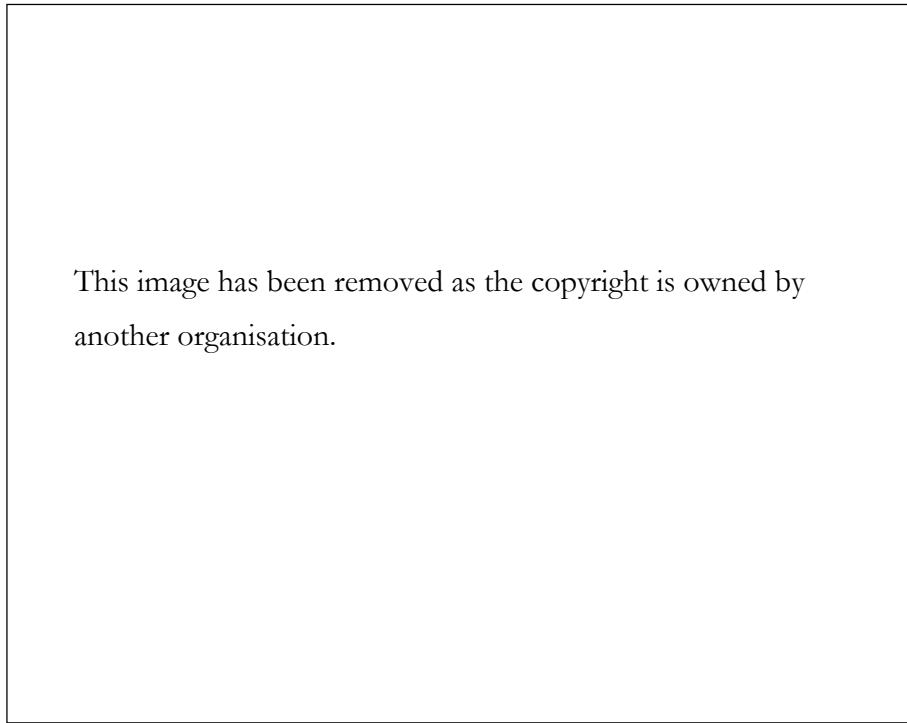


Figure 8: Deal Power Map overlaid with SOCIAL STYLES™ model

It is a tool which maps out the subjective dimensions of how decisions are made in their clientele. In order to construct the map, you need to find out “who are the key players and what are their roles? Are they evaluators, influencers, recommenders or approvers?” to use Edward’s words. This translates into who are the people involved in the decision to buy Systeo’s consulting services and how is their relationship to the final outcome structured. For example, do they evaluate the sales proposal, make recommendations or give the final approval. Once their roles are determined, “you gotta find out whether they are analyticals, amiables, drivers or expressives”, he continues. This is the terminology of the SOCIAL STYLES™ model which Systeo licenses from the training company, Tracom Group. According to this model of human behaviour, everyone falls

into one of these four categories of social style on the basis of two characteristics – their assertiveness and their responsiveness [figure 9].¹⁰⁰

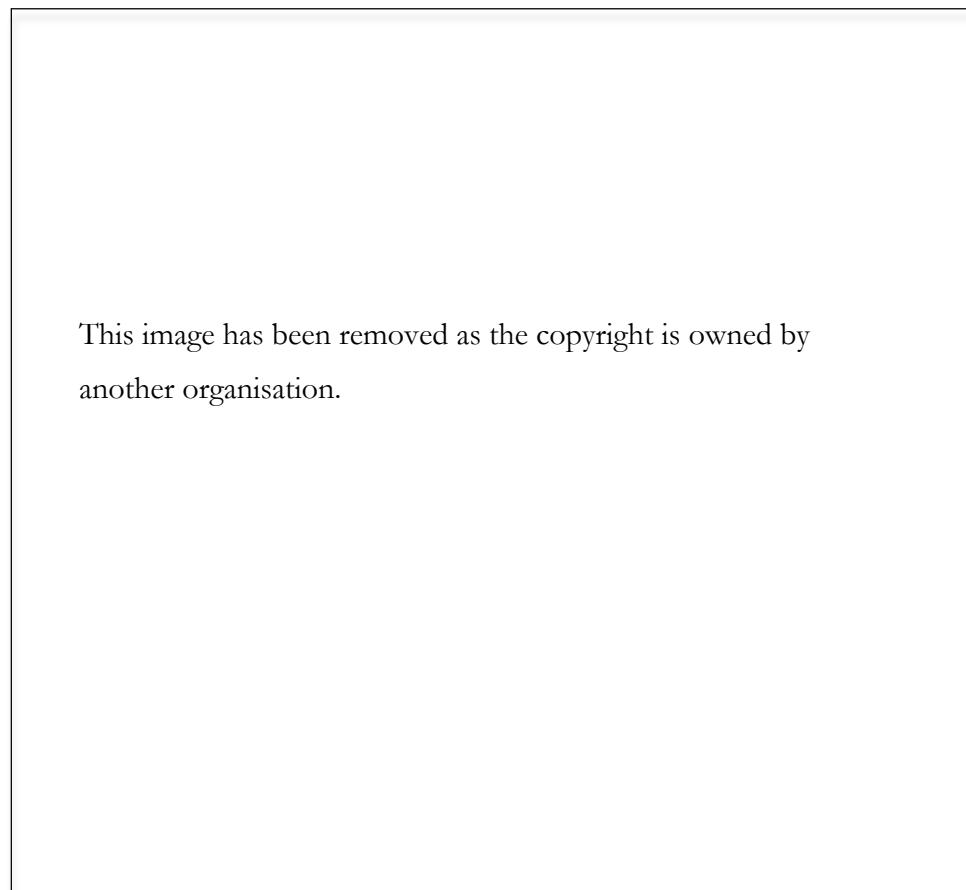


Figure 9: SOCIAL STYLES™ Model

Edward doesn't bother to describe all four styles, concentrating his efforts on "drivers". He describes this disposition as "I want this tomorrow!" and like many partners I met he says that most consultants are drivers – they produce actions and deliver results. Finding out the social styles of the people who make decisions on the client side is critical, because, according to the SOCIAL STYLES™ model, each "style" trusts differently as modeled by the trust equation [figure 10]. And what consultants need, more than anything, is for their clients to trust them.

¹⁰⁰ For more description of this model see the website of Tracom Group: <http://www.tracomcorp.com/training-products/model/social-style-model.html> last accessed 6 Jan 2011.

$$\text{Trust} = \text{Credibility} + \text{Reliability} + \text{Intimacy}$$

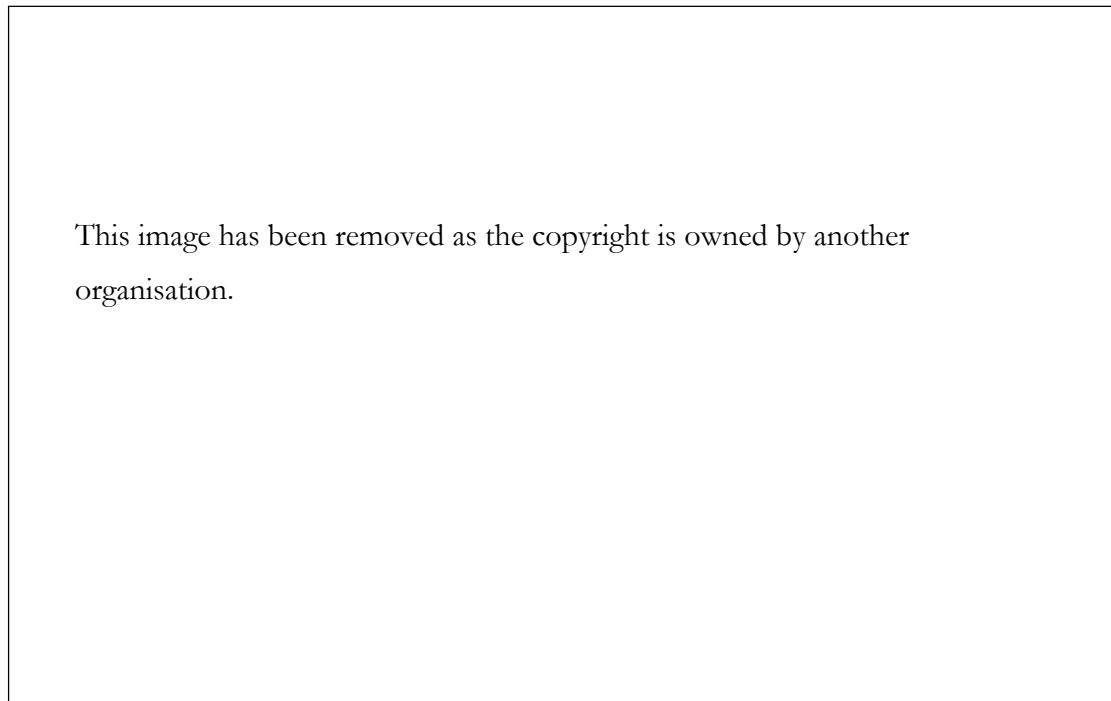
Self-Orientation

Figure 10: The Trust Equation

The trust equation is the work of management consultants and theorists, David Maister, Charles Green and Robert Galford, and appears in their book “The Trusted Advisor”. It is a manual specifically designed for the consulting and advisory industry about how to make the transition “from outside technician to habitué of the inner sanctum”, to quote from their book summary.¹⁰¹ The work of Systeo is to synthesise these two models, SOCIAL STYLES and The Trust Equation, which are not their intellectual property, to produce a template for social relationships which will guide their consultants in the sales process. Consultants are told that drivers emphasise credibility to produce trust, amiables reliability, expressives intimacy and analytics self-orientation. If consultants can decipher the social style of their client, then they can work out how to get their client to trust them using the pseudo-scientific means of the trust equation.

If we look at the powermap example which is presented to consultants in their training handout [figure 8], we can see that the approver – the person on the client side who makes the final decision as to whether they procure Systeo’s services – is a driver. This is the typical scenario depicted in management’s training. Time and again Systeo employees are told that the decision makers on both sides of the deal are predominantly drivers – i.e. both consultants and the key client personnel. The models of SOCIAL STYLES™ and the trust equation are utilised, not to emphasise the diversity of subjectivity but rather to emphasise that there is a singular subjectivity associated with consulting – one that produces “results” [figure 11]. On a slide that’s rather tellingly entitled, “How you Want your Client to Feel,” we find out that consulting, if directed to drivers, is about delivering, about having “the A team”, about saving the client time and money [figure 11].

¹⁰¹ See Galford and Green (2000)



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Figure 11: Training material, Powerpoint slide entitled “How you want your client to feel”.

These points are made even more explicit in the last slide of Edward’s presentation. It delineates the buzzwords which resonate most strongly with each “style” and consultants are told that the chart should be used as a template for official business communication. In the handout that accompanies the training it states explicitly that these words summarise and highlight the *values* that each “style” prefers [figure 12]. Drivers value and are most responsive to: (the) “bottom line”, “action plan”, “assets”, “experience” and “credibility.” Notably, all of these words correlate with an ethic of shareholder value. That is to say, if *both* consultants and their clients are drivers then they coalesce around a set of values which are associated with value-chain logic – that only consultants can create value and this value is what their clients ultimately demand. This is the normative model of consulting which is being inculcated amongst Systeo employees in the training session, who then go onto sell it to their clients. Far from depicting the range of actual behaviours and characteristics of their clients, these tools are designed to teach consultants how clients *should* behave – they *should* be drivers.

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Figure 12: Training material, Powerpoint slide entitled “SOCIAL STYLES™ and buyer values”

The idea that relationships lie at the heart of business is nothing new in China. A whole body of literature talks about the importance of *guanxi* (social relationships) in cultivating economic ties. Trust is built through a system of reciprocal gift giving which binds together Chinese in the mainland and in the diaspora (Yang 1994). But the tools which are presented to the managers suggest a very different model of relationships. Contrary to their narration, the analytical object of these tools is not the social relationship between consultants and clients; it is the relating of an ethics of business between consultants and their clients. In harmony with the ERP systems they install, for consultants, relationships are construed as the conduit between different centres of knowledge. Their job is to ensure the effective, blockage-free functioning of these knowledge flows. They need to communicate to their clients the self-evident importance of shareholder value in order to construct value propositions which justify the procurement of consulting. “Deal Power Maps”, SOCIAL STYLES™ and The Trust Equation are part of a scientific-sounding treatment of “relationships” which governs selling, pandering to a crude alignment of objectivity with truth. This quasi-scientific method is made material through an information system which assembles these tools

into one unified architecture – the QSA tool – where QSA stands for “quality”, “strategy” and “assurance”.

Explicating how to use the QSA tool and why consultants should use it was the main content of the Sales Effectiveness Workshop. Open only to senior managers and partners, the workshop was the brainchild of the HCS Program – the internal program designed to ensure the effective replication of Systeo’s global corporate culture, which I first described in chapter 1. In practice, this meant the export of shareholder value and value chain models, together with the tools that support them. My role as an internal consultant to this program involved sitting-in on monthly strategy meetings where the fate of Systeo China was discussed as being inextricably linked to its failure to adopt the models of corporate culture which the American head office deemed “best practice”. In the next chapter, I will explain in more detail how this failure was identified and how it constituted a moment of rupture within Systeo. Here it is sufficient to say that the lack of adherence to officially sanctioned models of internal management, including the negotiating strategies of the most senior consultants, was seen as a malfunction of corporate culture. In response several Chinese partners argued that this failure was due to inadequate executive training in the ways of Systeo business, and asked specifically for more training for the most senior levels of management who are responsible for the day-to-day selling of Systeo’s services and have the greatest amount of contact with clients.

The QSA tool is a piece of software which has been tailored to fit with Systeo’s in-house ERP system – which unsurprisingly is that of SAP – its close collaborator in management systems. Like SAP’s systems, the QSA tool is designed to standardise working practices and act as a system of surveillance. Nick Carson, an American partner based in the Shanghai office is the “faculty” for the workshop. He tells the participants that using the QSA tool can be the difference between winning and losing a deal. It does this by:

“structuring thinking through a common, single set of Critical Success Factors, ‘CSFs’, it tells you the likelihood of closing and winning a deal as you go through the sales cycle, it has a reporting engine that generates consistent output reports for review meetings. It’s basically a ‘one-stop shop’ for all the best practice sales tools.”

He runs through the operation of the tool with the comportment of an American game-show host. He darts around the training room rallying the participants to draw on the flipcharts, “be active” and generally “have fun”. They struggle to match his meteoric levels of energy and hesitantly respond to his onslaught of questions. Here are a selection of quotes by Nick:

“DING – out of time! The right answer is there are 12 CSFs to complete...”

“So who do you need for a new business meeting? You got the service centre guys in Dalian, and who else? (pause) COME ON GUYS! Legal, HR – you need to involve them otherwise they’re gonna kill yer”

“You gotta get the IWIKs, you *need* the IWIKs, you’re not gonna get to the next level until you find out the IWIKs”

Regarding this last example, I spent over an hour observing the session trying to work-out what on earth an IWIK was. There were tabs and buttons in the QSA software labeled with the letters I.W.I.K. There was a whole process of structured thinking dedicated to finding out the IWIKs. Only at the end, Nick flicks the slide and all is revealed – “I. wish. I. knew.”

The use of acronyms is just one way that the language of ERP systems, and the QSA tool, manages to convey a sense of science. It is also by standardising and dictating practices and then by connecting this set of “correct answers” with the depiction of truth and reality. These two words are used interchangeably by Nick, who tells participants to “Review the QSA tool and find the truth.” In the group activities truth and reality are frequently taken as “the facts”. Groups of participants are given case studies of sales pitches and are asked what they would do in the situation. First they must decipher “the facts” of the case using the QSA tool, and then make decisions such as to go or not to go for a particular client, or what coaching they need to give to their team, based on “the truth”. In associating truth with the knowledge generated from their sales tools, Systeo acculturates consultants into selling and defining consulting as the effect of creating value. Deal Power Maps, SOCIAL STYLES™ and The Trust Equation are methods of traversing the conceptual space between ethical values and

financial value. These techniques of managing “relationships” construct consulting as the progenitor of multiple registers of value – it creates shareholder value and the ethics which stipulates its domination as *the* value of corporate practice. That is to say, the QSA tool serves to automate the production of shareholder value. It is the vital socio-technical machinery required to enact shareholder value, the duty to shareholders, as the defining ethical compass of good management. In this production science is apprehended to depict the “truth” of shareholder value which must be fostered through the medium of social relationships. But in drawing on social relationships as a functional tool of knowledge, these techniques attempt to empty sociality, between consultants and clients, of its content: of the reciprocal obligations and trust which are so constitutive of Chinese economic life. A point highlighted in Nick’s own advice for the senior managers and partners. He makes explicit that these consultants are not being trained in the art of relationships:

“The key secret in China or Asia I’ve learned [is] if it’s gonna be a painful negotiation I don’t want Anna [he points to the partner, Anna Wang] to be involved in negotiation if she’s involved in delivery. I want to separate negotiation from the person who is responsible for delivery. You may have different experiences from me, but I have so many experiences in China. Fly someone in from the US, get the Global Negotiating Team for ten thousand or twenty thousand US dollars”

By separating the consultants who install the system, i.e. actually do the consulting, from those who sell the value proposition to clients, there is an attempt to expunge the social and cultural dimensions of relationships from the creation of value which the deal represents. This construal of value, as something that can be aided by the removal of sociality, is at odds with the earlier emphasis on “relationships” as the key to winning deals, and which is formalised into the technology of the “Deal Power Map”. Here consultants are told that, whilst sociality with the client is an unavoidable aspect of consulting, it can be removed from the selling process. The installation of an ERP system for a typical Systeo China client – a state-owned ERP – will take somewhere between 2 to 3 years. During this time consultants are often away from home and develop a working life which revolves around their client. Many consultants say that

aside from their team most of their “colleagues” are actually employees of their clients. When I work-shadowed consultants at one state-owned ERP in Beijing I found out that some of them had never even been to Systeo’s Beijing office. The client site was their workplace. In negotiations where Systeo is struggling to make the profit margin they desire, the removal of consultants who will have prolonged contact with the client, from the task of selling, is an act that is designed to ensure that the creation of shareholder value remains a technical process and a scientific endeavour. The costs of flying in expert negotiators from the US can be legitimated under a rationale of maximising value through technical rather than social means.

Establishing shareholder value as *the* ethic of business is the beginning of a project of ethical restructuring that new managers are charged with. The next step is for consultants to learn that they, and they alone, have the ability to create value for their clients and for Systeo. In the Manager’s Milestone and the senior manager level equivalent, Senior Manager’s Milestone, consultants receive extensive training on how they “impact the bottom line” through their sales deals. There are two principle mechanisms: through price and through cost. Senior managers must attend a session where they learn “pricing excellence”, narrated as a lesson in “Basic Contract Financials” by the three Chinese partners who conduct the training. Their speeches are peppered with acronyms such as ODE, HSP and CCI, which stand for Original Deal Economics, Hot Skill Premium and Contract Controllable Income, respectively. These are used in their careful explication of the economics of consulting. First of all they tackle price. A slide appears on the projector screen. It has two columns: how pricing our work impacts Systeo’s business and how it impacts your rewards. Under the first column is shareholder value, investor perception and client perception; under the second is annual pay increase and bonus program [figure 13].

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Figure 13: Training material, Powerpoint slide entitled “How pricing our work impacts Systeo’s Business [and] Your Rewards”.

The ability to price well will positively affect Systeo’s share prices which will trickle down to individual remuneration. The partners stress that the senior managers must learn to price Systeo’s work correctly and learn the time to close, meaning the time to submit the price to the client. Before they explain exactly how to do this they address the second mechanism – costs. Consultants are advised to reduce the costs required to deliver on their promises – the client contract – by lowering the costs of labour. This is achieved using offshore labour found in Systeo’s Dalian-based outsourcing division, and by conducting a “pyramid refresh” – technical jargon for changing the structure of their consulting teams to incorporate more lower level staff such as junior consultants in order to reduce costs. This act of costing has to be balanced with the act of pricing to ensure that the profit margin of each contract, technically termed the contract controllable income or “CCI”, is at a minimum of 40%.

Senior managers must learn to carefully calibrate the levers of price and cost in order to maintain this golden figure of 40% without compromising Systeo’s reputation. Terence Huang, one of the Chinese partners, tells them that

“rule number 1 is that pricing is not cost-plus, instead it is *what you are willing to pay*.

So I suggest moving off price and talking about *value*”. (emphasis added)

He says that most of the time Systeo’s price is higher than their competitors, which he attributes indirectly to the fact that “Systeo does very honest work for clients, our competitor maybe not”. What he stresses is that consultants should avoid *only* moving on price since this affects the CCI. But he also incorporates an ethical justification – that it will appear that they are consultants without integrity. Senior Managers are told to avoid simply lowering prices on demand; instead any change in price must be accompanied by a corresponding reduction in scope. In other words, they must reduce what they are willing to provide in the way of consulting services in order to meet the demands of their client. If they lower their price without changing the scope they may become embroiled in a price war with their competitors and it will also appear that the initial price was artificially high. In short, consultants are tasked with continually reinforcing the message that they are giving a fair price. In the Sales workshop, which took place in the depths of the recent financial crisis, Nick Carson reiterates this point “you cannot use the economic situation to lower prices, if you do shame on you, it affects our brand. The second you do, you undervalue our firm”, he says. He draws attention to the importance of fostering the right affective ties – the creation of a “brand” – underpinned by a strong ethics. In doing so he links the creation of financial value to the creation of (the perception of) ethical praxis – these two are combined in shareholder value.

Pricing impacts shareholder value for Systeo and their constituents. By learning how to price, and learning how to cost by managing the composition of their teams, these consultants are invested with the productive power to create value. This differentiates them from their counterparts in the outsourcing division of Systeo’s workforce, to whom they are defined in diametric opposition. Systeo’s knowledge workers in the offshore service centre in Dalian are constantly reminded of the costs which they impart and which make their jobs vulnerable to global competition. In contrast, senior managers in Beijing’s consulting practice are told that each Systeo Strategy consultant brings in an average of RMB 239,000 (£23,900) of revenue each year. In Systeo consultants are deemed to create shareholder value by generating

revenues, whilst outsourcing workers are deemed to destroy shareholder value by generating cost.

This split in the firm is a crucial part of value chain logic. The separation of cost from revenue in the articulation of shareholder value is necessary to stratify the economy into those who can legitimately restructure it and those who must bear the consequences of the restructuring. By imbuing themselves with the power to create shareholder value, consultants construct themselves as experts of the knowledge economy, an ethical responsibility which finds official expression in the discourse of value-based leadership. As the similarity in terminology suggests it goes hand-in-hand with the value-based management that consultants preach. If value-based management is the creation of shareholder value for Systeo and its clients, then value-based leadership is the explicit ethicising of that very process. In the Senior Manager's Milestone, the Chairman of Systeo China, Liu Xing draws on China's extensive tradition of moral philosophy to explain the concept of value-based leadership. Quoting Confucius and Mencius, he describes his own leadership as being guided by the principles of

Hefa, heli, beqing (Be lawful, reasonable and fair)

buxiao wu liangjiang (To be unfilial is to be unscrupulous)

He then recounts a conversation he once had with a professor at Beijing University, who conducts research on the “best practices” of Chinese employees. The professor told him of an entrepreneur who had a particularly interesting way of judging his employees: he would match the remittances that his employees would send back to their family at Chinese New Year. The entrepreneur justified his actions, saying that if he doesn't see his employees taking care of their parents, he won't respect them. “That's his principle”, says Liu Xing, “I'm not saying you have to have the same principle but you have to have *a principle* to guide your decisions”. This training of explicit ethicisation is particular to the cultivation of managers. Lower down the organisational hierarchy corporate training focuses mainly on the development of the soft-skills of presenting, organising meetings, and professional appearance - the fine meniscus of consulting work. It is only when consultants are promoted to manager level and above, that the

development of an ethical consciousness of value creation is considered paramount. It is couched as “leadership”. Furthermore, it is a morality which draws on the resources of local culture. The training of shareholder value in the scientific treatment of “relationships” was deemed to conflict with Chinese modes of economic operation, by seeking to expunge the social and the cultural so fundamental to orthodox Chinese business practice. In contrast, value-based leadership is conceptualised as the expression of cultural modes of being. The meeting of value-based leadership and value-based management is narrated as the point where Chinese culture is commensurable with shareholder value. By extension I would argue that Systeo is engaged with the discursive and material restructuring that seeks to make China’s principles, more generally, commensurable with shareholder value.

The failure of a value-chain logic to become hegemonic in China is portrayed by expatriate partners as a critical shortcoming of Post-Mao Chinese culture, which is seen as still bearing the hallmarks of the old socialist command economy. They see their role as ensuring the effective transportation and replication of Systeo’s business practices in China. In an interview with one American partner I was told

“China is missing the leaders. If analysts and consultants are the foot soldiers, the managers and senior managers are front-line infantry, then partners are air cover - ready to shoot down any problems if not covered by the people on the ground. Currently China needs more air cover, it needs more local leaders with skills.”

“I spend a lot of time coaching, explaining things that I wouldn’t have to do elsewhere. I enjoy helping local talent which is good cos there’s a lot of people here who don’t “get” business operations. Or at least it feels like there’s more of a lack here.”

Like many expatriate staff based in China, this partner saw Systeo’s methods of business as “best practice” or “common practice”, and in this way normalised the systems of value-based management which they propagate. He justifies the need for foreign expertise, in the way of expatriate partners, in terms of their Systeoness – their acculturation into value-chain thinking. Chinese consultants are exposed to these archetypes of Systeoness through formal management training, as I have described here,

but also through their daily work which often involves contact with expatriate managers and partners. Whilst Chinese culture must be made commensurable with shareholder value, Systeo culture is already isomorphic with value creation, being constructed from the very logics that inform the trope of shareholder value.

Conclusion

What I have focused on in this chapter is the logic of the value chain – whereby shareholder value, the duty to a company's shareholders, is firstly upheld as *the* value of corporate practice – and secondly can only be created by those who propagate it in the first place. By assigning themselves to the category of the propagator rather than the restructured, consultants construct themselves as the ultimate value-creators. Through an array of technical devices consultants in Systeo are acculturated into this logic. These devices play on imageries of truth and reality produced through the metaphors of science and art. To quote one Chinese partner:

“Pricing is an art not a science, just don’t get the maths wrong. It is the art of knowing your client – don’t sell them a bicycle if they wanna buy a car”

The delicate balancing of pricing and costing, which constitutes consulting economics, may make pricing an art, but managing relationships is most certainly constructed as a science. Using the tools of SOCIAL STYLES™, The Trust Equation, and the Deal Power Map, consultants learn that the scientific management of relationships is a requisite for the creation of value. These tools enable consultants to dig beneath the surface of social relationships, to uncover “the facts” which are couched in terms of shareholder value. In other words it is only by getting past the hazy fuzz of sociality that consultants can find out that what their client really wants is shareholder value, and that this demand is what drives and defines consulting. Armed with “the facts” consultants can then construct value propositions. They are engaged in the tautological process of uncovering shareholder value as the real need of clients, and simultaneously constructing their sales pitches to convince clients of the primacy of shareholder value as the cornerstone of corporate governance.

Partners often confessed that they had difficulty achieving this end-goal. One American partner told me that “Chinese clients are often principle based rather than objective based. So rather than aiming to reduce costs, improve capital charge, they have principles like become an innovator or maintain social harmony”. To use the language of SOCIAL STYLES, Chinese clients are not easily constructed as drivers and as such “are not on the same page” as consultants, to use consultancy-speak. It is only through the alignment of values and value, where shareholder value is the hegemonic ethic, that consulting can be seen to “add-value”. If Chinese clients do not place shareholder value as the ultimate objective of restructuring, the value of consultants’ claim to “add-value” is somewhat diminished. For the theory of value that is being inculcated amongst Systeo consultants is premised on their capabilities to formulate value propositions which demonstrate the self-evident importance of shareholder value. And thus the necessity of the ERP systems which Systeo installs as a solution which they claim will maximise the multiplier effect of value creation within organisations. Systeo may consider itself instrumental in the process of modernisation and professionalisation that China is embarking on. But it is faced with the prospect that China’s path of modernisation is not, in the first place, informed by short term increases in share prices which the pursuit of shareholder value engenders. The task of making China commensurable with shareholder value lies at the heart of consulting and its ethical project. Consultants must not only fulfil their claim of creating shareholder value, but also convince their Chinese clients that shareholder value is the ultimate objective of management. Expatriate partners acknowledge that this is not a finished project, which, if anything, makes the corporate training that consultants are subjected to all the more important.

Chapter 4

Selling Value, Reengineering Culture: The System of Subcontracting

As a purveyor of “up-skilling” and “best practice”, Systeo has been parachuted into Chinese state-owned enterprises to refashion these organisations and their workers under capitalist imperatives. This is part of the second phase of Deng Xiao Ping’s programme of reforms designed to accelerate economic restructuring by the way of corporatisation and privatisation of state-owned enterprises which began in the 1990s. Under the policy of *zhua da fang xiao*, “grasping the large and releasing the small,” the state reorganised large state-owned enterprises into corporations, the largest of which were listed on overseas stock exchanges but with the state retaining control as the majority shareholder (Steinfeld 2010).¹⁰² Many of these enterprises, which include some of the largest utility and energy companies in the world, are the primary clientele of Systeo. Prior to reforms foreign companies were prohibited from entering China’s then closed economy, but today the likes of Systeo play a key role in China’s transition to a market-oriented economy. They make their business from overhauling the micro practices of work within their clients which include the China-based operations of foreign multinationals as well as state-owned enterprises. This is achieved by selling forms of management which claim to increase “value” and accountability. How it goes about such an endeavour is through the annexing of culture – a static, abstracted model commonly referred to as “corporate culture”.

Business historian, Christopher McKenna, draws attention to the fact that corporate culture was, in the first place, a corporate product devised by McKinsey management consultants (McKenna 2006) which drew on but did not replicate anthropological concepts of culture in its construction. He points out that the two books which are widely cited as initiating the corporate culture movement in the 1980s, Deal and Kennedy’s *Corporate Culture: Rites and Rituals*, and the management manual, *In Search of Excellence*, have strong links to McKinsey’s “brand” of professionalism. The

¹⁰² However, a market-based system of corporate governance has yet to be fully realised i.e. the stock market has only a weak disciplinary effect on firms (Steinfeld 2004), thus the role of management consultancies can be seen as precursor to more aggressive market reforms.

former was based on McKinsey's definition of corporate culture, whilst the latter was written by two McKinsey partners, Tom Peters and Robert Waterman, as part of a strategic decision to codify and commodify the firm's professional practice (*ibid.*).¹⁰³ In short, corporate culture was never designed as culture, but rather hi-jacked cultural analysis for a management product.

In the introduction to *Corporate Futures*, one of the few anthropological contributions to the topic, George Marcus argues that within management thinking, the shift towards corporate culture was construed as one away from scientific management, as concerns about "soft" topics such as corporate values and personhood as a method of social control replaced the "means-end" changes to organisational practices associated with Fordism (Marcus 1998: 7). This separation of corporate culture from so-called "hard" management is misleading. Corporate culture, as practiced by management consultants in China, is deployed precisely because of its conceptual ambiguity which lends itself to multiple engagements. It is not a move away from means-end practices but rather has become the means to achieve the ultimate end of subjectivity formation. Consultants restructure organisations through managerial techniques of "culture" to produce certain kinds of corporate subjects which are deemed fit for global markets. As a tool of management, the content of corporate culture is subject to the specifications of the end(s), and as such can include both soft and hard elements of managerial control.

First and foremost, corporate culture is sold as a tool for producing value. The bulk of Systeo's work consists of installing computer systems in their clients which are designed to improve mechanisms of corporate governance by making visible the individual contributions of workers to shareholder value, what is commonly referred to as the capacity to "add-value". These range from small-scale customisations of a client's existing IT system, to the installation of comprehensive systems of accountability – "ERP systems". In the white papers published by the software company, and leading vendor of ERP systems, SAP, it is stated explicitly that ERP systems are a means of "reengineering" a firm's "culture" under a rationale of shareholder value. For example, in the paper entitled *Enabling Value Based Management*, it states:

¹⁰³ Mckenna states that "the managing partners at McKinsey & company created 'corporate culture' as a strategic response to the declining demand for the firm's central 'product' – the organisational study" (McKenna 2006: 193).

“To deliver superior value based returns, companies must embed the value approach deep in the organisations’ culture – and this requires information systems that support the decision-making process.” (SAP white paper 1999: 3)

In the next paragraph, it poses its own product as the solution: “SAP’s next generation solution will facilitate comprehensive value based decision making” (ibid.). Although ERP systems do serve to institutionalise and automate forms of surveillance and control (Yates 1989), to produce what has often been termed audit culture (Strathern 2000, Born 2004, Shore & Wright 2000, Dunn 2004), this is not the primary remit under which they are installed. Rather, they can be used to “prepare” a firm for initial public offering (IPO) on the stock exchange (Reimer 2003), or to bolster the share performance of an existing corporation.¹⁰⁴ What ERP systems do is convey to potential investors that the entity in question has *good management*. The importance of having management personnel and managerial techniques and equipment that is endorsed by investors as “best practice” is critical for the creation of value. For the value of financial assets is “determined by ambiguous information and varying expectations about an uncertain future that plays out in time” (Tuckett 2011: 21). If investors can be convinced that a company will be managed competently in the future this can positively effect the valuation of the company in the present. In a recent study of money managers, psychoanalyst David Tuckett (2011) notes that the stipulation of good management is not an indicator of potential share performance, but rather is one of a number possible stories that investors’ construct in order to make decisions in a fundamentally uncertain context. For Tuckett, good management is a narrative that can impel an investor – it can act as a provocation to act. What he does not examine is the content of this narrative, that is, *what is* good or competent management. I would suggest that good management is an ethic of production that has to be produced, and management consultants play a large role in this production. Through ERP systems consultants seek to install shareholder value as the yardstick with which all entities –

¹⁰⁴ “[In China] implementing an ERP system is often seen as a means to modernise the firm and prepare it either for going public or for the expected significant effects of the economic opening in the wake of China’s WTO accession or both. For this reason, the motivation to implement an ERP system, in many cases, is the explicit attempt to change, i.e. modernise, the way the organisation operates” (Reimer 2003: 3)

corporations and workers alike – can be measured. To quote Liu Xing, the Chairman of Systeo China, consultants need to have a “shareholder mindset”. At the Senior Manager’s Milestone training (which is similar to the Manager’s Milestone training mentioned in chapter 3) Liu Xing, tells the most recently promoted senior managers they understanding Systeo’s financial results is critical for understanding its business. Having a shareholder mindset means, “1) little things matter and [they] have a material impact on Systeo’s valuation, 2) Generate cash flow.” Furthermore this orientation towards creating shareholder value is one which they pass onto their clients from first contact. The procurement of consulting is, from the start, premised on Systeo’s claim to add shareholder value to their clients, by selling them the socio-technical machinery of good management.

Consultancies construct themselves as the legitimate mediators of global capitalism by recourse to their managerial expertise in the knowledge economy, which is practised and honed in-house. However, the context in which I gained access to Systeo was one of rupture – the perceived failure to produce the desired professional subjectivities amongst their own employees. For Systeo management this was a problem of “culture” in two senses. The malfunctioning of Systeo’s corporate culture and the seemingly related intractability of Chinese culture, and by extension Chinese employees, to yield to Systeo acculturation - a context which was all the more serious because it was *within* Systeo. The ineffective operation of corporate culture in-house had implications for the project of selling management externally to clients, and at the very least called into question Systeo’s position as knowledge experts of the market economy. My access was brokered with partners convinced of the efficacy of Systeo’s corporate culture to produce exemplary corporate subjects. Perplexed by Chinese employees who did not display the desired subjectivity, expatriate Systeo management were open to the potential of anthropology to shed light on the situation, assuming all the while that the problem lay with Chinese culture more than Systeo’s corporate culture. Even the *in situ* anthropologist would not be able to escape the effects of their management tool, a view espoused by one Australian manager who told me “by the time you leave here you will be Systeofied!”.

By the end of fieldwork I was not convinced that I embodied their “way of doing things” in that I did not exhibit Systeo’s “core values”. But I had gone from being “just” an anthropologist and ad hoc English trainer to being a Systeo contractor, of their

internal programme of corporate social responsibility (CSR). In this chapter I will further substantiate a claim that I first laid-out in chapter 1: the effects of Systeo’s tool of corporate culture – “Systeofication” – is not primarily the recitation or embodiment of a list of official “core values”, as expatriate management indicate. Instead, it refers to the internalisation and propagation of the consulting model of production, what I term to be a system of subcontracting, and which is underpinned by an ethic of shareholder value. By presenting an ethnography of this system, and the analytical frame of consulting, I argue that Systeo’s employees are both managed by processes of subcontracting and are also actively engaged in the production of subcontracting within their clients’ organisations. In their quest to “add-value” they establish subcontracting, and the tools of its replication, as “best practice.”

Implementing Human Capital Strategy (HCS)

In chapter 1, I examined at length Systeo’s internal initiative of corporate culture – Systeo’s HCS Programme – that I was able to gain access to. To recapitulate, this programme was designed to ensure the effective replication of “global” models of corporate culture in the “Greater China” region. As I document in that chapter, the verbal narration of “culture” differed from the socio-technical practices of “culture”, the former concerned with producing the embodiment and replication of Systeo’s core values (which are grounded in Protestant individualism), and the latter concerned with producing a subject that was oriented towards the production of shareholder value. There was an attempt to tackle the failure to produce employees who understood and exemplified Systeo’s core values through a competition in which employees were encouraged to find these values in Chinese culture. But this was not the only area of concern. When I arrived in Beijing the Programme’s committee was concluding the human capital analysis for FY08, the 2008 fiscal year, and one of the findings raised concern about the company’s performance management system. Specifically, that in China it was not operating as designed. Managers were not following the official protocols when evaluating subordinates and lower-level employees often failed to write

their performance “objectives”.¹⁰⁵ Performance management was seen as central to Systeo’s corporate culture and consulting business. Given their claim to be performance management experts who re-make their clients into “high performance businesses”, the inefficacy of performance management in-house was not taken lightly. The official HCS report recommended that “clarity of [performance] objectives and visible links to corresponding reward must be further established to improve Performance Management,” and suggested the creation of a sub-program dedicated to ensuring that actions addressing the recommendation were taken the next year. In addition, I proposed a piece of collaborative research with the company which involved going to the “real” workplace of consultants – the client site. As I discovered not long after my arrival, consultants are not usually found in the Systeo office but rather are based at the workplaces of their clients. If I was to understand consulting I needed to find the consultants.

I described the research as finding out “why and how performance management is not operating effectively in Systeo China.”. The process of proposing and getting authorisation for the research was lengthy and informative. I learnt how to construct a “Systeo” proposal – akin to those submitted to their clients – and found out the lines of command within the organisation. I had to “escalate” my proposal through the ranks of senior management, starting with the HCS programme leader, then the HR director. I followed consulting conventions and formatted my proposal into a Powerpoint presentation, complete with LSE logo, bullet points, and charts; and finally sent it off to the HR director, who would broker my introduction to the highest level of management and my ultimate gate-keepers – the lead partners of the consulting practice. With the proposal out of my hands there was nothing to do but wait. Months passed and I grew increasingly anxious. Finally, in November 2008, I had responses from all the partners and had gained access to the “client sites” of two of Systeo’s major clients, given the pseudonyms Utility China and Global Tel. The former is a large state-owned enterprise and the latter a telecommunications multinational. The partners agreed to a research agenda which comprised one-to-one interviews with consultants, work-shadowing and observation, and access to the final performance evaluation meetings at the end of the

¹⁰⁵According to the HCS official report, “accountability” was poorly ranked in the company-wide employee survey, and only 78% of all consultants had completed their performance objectives.

fiscal year. Having manoeuvred my way up the Systeo hierarchy I then learnt to move back down again, via the project managers who run the day-to-day operations of consulting projects, and finally to the lower-level consultants who formed the bulk of my “research collaborators” (Holmes and Marcus 2006).

The first client site was not an office but a large unheated hall of a former socialist work unit, *danwei*, which had previously been used as a table tennis facility. It was winter in Beijing, and the temperature was approaching minus ten degrees centigrade. Consultants were wearing down jackets inside and had sealed the windows using duct tape in a vain attempt to keep out the cold. The hall was filled with an eclectic collection of computers, some desktops, some laptops, Dells, Compaqs, Lenovos, and HPs, all thrown together upon rows of grey desks. On one wall hung a poster of Party leaders, past and present, blown-up photos of Chinese table tennis stars adorned another. Just below the ceiling hung massive red banners, each over 20 feet wide, with the slogans:

Everything is in the interest of Utility China;
Be determined to go to any length, we must win;
Both timeliness and quality of work must be up to scratch.
Conscientious Engineering

The working environment at Utility China was a far cry from the uniform modernist aesthetic of the Systeo offices; it was a place where state patriotism (Harrison 2001) could be readily observed. Along with the afore-mentioned posters of party leaders, small Chinese national flags which could be found on many of the desks, including those of Systeo consultants. Indeed, state patriotism appeared to frame the consulting project which Systeo were carrying-out. On this site alone I met over twenty consultants who were part of a Systeo team contracted to install an ERP system using software produced by German software giant, SAP, which would enable the integration of data across the separate constituent work units, *danwei*, of Utility China, and give its leaders in

the Beijing headquarters “real time” access to the financial productivity of its workers.¹⁰⁶ What “real time” referred to was not entirely clear, as will be discussed in the next chapter where the temporal effects of this machinery is examined in depth. For now let us return to the context in which ERP systems are installed. In preparation for initial public offering, the first sale of stock to the public, in the near future, Utility China had decided to install an ERP system to improve efficiency across its organisation, which included its Beijing headquarters and provincial subsidiaries. As I stated above, it has become standard practice to install an ERP system to make a company more attractive to investors, and as a consequence ERP has become a common if not requisite IT-enabled management system in Europe and North America (Head 2003). With the Euro-American market saturated, management consultancies have turned their attention to emerging economies, where state-owned enterprises like Utility China are wealthy and willing converts to these systems of market-oriented practice.¹⁰⁷

Consultants would frequently refer to the task of installing these computer systems as “implementing ERP”, conveying the sense that enterprise systems are a management tool which engenders explicit forms of surveillance. Designed to prescribe and constrain employee behaviour, the computer is enlisted in an attempt to provide “hard” managerial control. In his analysis of ERP systems, Simon Head describes the software as allowing managers to “look in detail at what work has been done by his or her department with the ‘on line’ work of employees also leaving a ‘precise audit trail’ that managers can trace” (2003: 157). However, this managerial control only acquires efficacy if employees use the systems as they are intended. Ensuring that they do is also the work of consultants.

Systeo are hired to install computer systems and to train the clients’ staff to use them. My visit had coincided with “end-user training” – which referred to the training

¹⁰⁶ Simon Head states explicitly the emphasis on integrative capabilities of this software: “[F]rom mid 1990s onward, SAP's success in marketing software that integrate the 3 functions of logistics, financials and human resources, gave rise to the new acronym ERP. It has remained a convention of the industry that ERP refers to the integration of these functions” (Head 2003: 154).

¹⁰⁷ Along with consultancies, the makers of enterprise systems software have been one of the beneficiaries of this rise of IT based “reengineering” of the organisation. SAP is the largest enterprise software company in the world, and posted operating profits of €1.8 billion in 2010 making it the fourth most profitable software company after Microsoft, IBM and Oracle. See <http://www.softwaretop100.org/global-software-top-100-edition-2010> last accessed 20 Oct 2011.

of the Utility China employees who will use the ERP system. Most of the consultants positioned themselves in the corners of the hall, giving them the best view of the training which took place in the centre. Everyday groups of end-users filed into the hall, and were seated according to a plan which was put up in an adjoining corridor, detailing employee names and their corresponding department. Consultants would spend these days looking over the shoulders of end-users, watching them use the software, correcting them when they went wrong and answering their questions. Some of the end-users diligently followed the instructions from consultants whilst others appeared to ignore their requests, preferring instead to play computer games. This was done openly, with consultants seemingly indifferent to the cluster of end-users who would leave their seats to watch the antics of another Utility China employee immersed in a game of Formula One racing. Consultants would simply move onto the next end-user. Although training was, in part about creating compliance amongst the people who would ultimately use and be controlled by the ERP system, consultants were more preoccupied with testing whether the system was operating as intended. Any glitches noticed by consultants would be reported back to the project managers – higher-level consultants – who would assign the work of fixing the system back to individual consultants of all levels of seniority. The laxity with which consultants carry-out end-user training would suggest that consultants buy-into the “promise” of ERP systems – that these are machines which operate through technological determinism. I should make it clear that this is not a position that I advocate; rather this is a narrative about enterprise systems that Systeo propagates.

Given that its business is based on the installation of these systems, it is unsurprising that Systeo makes the claim that through the use of technical devices corporate subjects can be cultivated under a means-end rationality. Training doesn’t create subjects, the system does. Put another way, by simply running the system, the desired subjectivities can be produced. What kind of corporate subjects are judged desirable is made explicit in the material given by Systeo to the client. When I work-shadowed project manager, Steven Wang, he gave me a Powerpoint presentation which detailed the project taking place around me and was originally given to the management of Utility China. One slide in particular caught my eye [figure 14]. Entitled “After ERP implementation you’ll find the capabilities and *suzhi* (quality) of your workers transformed”, it gives a pictographic representation of how ERP creates workers who

add-value of two kinds: shareholder value and a moral subjectivity defined by high *suzhi*/high quality. Starting “helpless” and out of their depth (as depicted by the shark and the adverse weather), the worker undergoes a radical transformation, to eventually become a high *suzhi*, revenue-producing “success” (as depicted by the dollarised sun).



Figure 14: Sales proposal, Powerpoint slide entitled “After ERP implementation you’ll find the capabilities and *suzhi* (quality) of your workers transformed”.

The inclusion of the Chinese concept of *suzhi* is conspicuous in a presentation which was largely about how Systeo could make this state-owned enterprise conform to “global” finance and management practices established in the Anglo-American world. At this point it is instructive to repeat a definition of *suzhi* which was mentioned in chapter 2, “[it] refers to the somewhat ephemeral qualities of civility, self-discipline, and modernity...[it] marks a sense and sensibility of the self’s value in the market economy” (Yan 2003: 494). Systeo’s claim that *suzhi* can be cultivated through technical devices of management, indicates that the ideal corporate subject is not solely defined by his/her ability to contribute to shareholder value, or the “Protestant Ethic” of Systeo’s core values. The remit of foreign consultancies to modernise Chinese enterprises includes other ethical dimensions of corporate subjectivity, distinctly Chinese dimensions, a point which intersects with the preoccupations of consultants about what constitutes a good workplace.

Earlier in the day Steven mentioned that before joining Systeo he had worked at one of its rivals, Tech Consulting. When I asked how the two consultancies compared

he replied, “Systeo is not as good as Tech – Tech employees have better *suzhi*.” And in an interview with first year consultant Meng Chun I was told that a good career was one “where you are surrounded by people with good *suzhi*.” Consultants’ preference for working with people of “high quality”, like that of back-office knowledge workers in Dalian (see chapter 2), is coupled with an avoidance of people deemed to have low *suzhi*. Walking back to the hall after a team lunch in a nearby restaurant, senior consultant Anna Li asked me about my family, and the practices of overseas Chinese families more generally, in comparison to the mainland. In our discussion she told me that, in China, parents prefer to have their child(ren) looked after by grandparents rather than a *baomu*, a maid, because “*baomu suzhi bu hao*,” maids are not high quality people. Implicit in these comments is the importance of exposure in the quest for *suzhi* – exposure to people of high *suzhi* will positively affect one’s own accumulation of quality and vice versa. The perception of Systeo as a place of high *suzhi* played heavily into consultants’ decision to work for the company. Many of the consultants I met, at client sites and in the company offices, told me they had chosen to work at Systeo because it was a *waiqi*, a foreign-owned company, and that this decision conferred benefits which were not of a monetary kind. As the newly hired employee Wayne Zhou put it, “foreign companies cultivate the person, discipline the person, [your] *suzhi* will improve, your life will be happier and enriched.”

It is unnecessary to enter into an extensive discussion of *suzhi* discourse, rather my intention here is twofold. Firstly, to make explicit that consultants sell their management expertise by appealing to value – by claiming to create ethically principled, modern subjects who are also financially productive. Secondly, to highlight that enterprise systems are not the only instruments of subjectivity formation within consulting, and that for consultants, the overarching concern is how *people* will affect their own subjectivity. In an interesting parallel expatriate Systeo managers also considered “people exposure” to be a critical part of management. For them consulting was about making their clients, namely state-owned enterprises, more like Systeo. However, expatriate managers feared that Systeo consultants were becoming more “SOE-like” - more like the employees of state-owned enterprises. Apparently, this was especially prevalent at long-running projects, like the implementation of ERP in Utility China which would take around 3 years to complete, a period in which consultants may never be rotated onto another client nor set foot in a Systeo office. Although state-

owned enterprises were Systeo's largest clients and its most stable source of profit, there was considerable anxiety over the impact that prolonged exposure to these clients would have on the professional comportment of consultants. The constant engagement with client personnel is part and parcel of consulting, which is the business of selling and producing subjectivities, but when the transformed subjects are consultants not clientele, this raises questions about the efficacy of Systeo's management practices. For one American manager the issue was the "susceptibility" of Chinese employees to return to the "old ways" of the socialist economy and renounce the Western management practices which they had been privy to through Systeo. He recounted stories of consultants posted to Utility China taking extended naps in the afternoon – behaviour that he considered to be in conflict with their role as professionals who are paid to improve efficiency. He was unable to corroborate the rumours but pointed out examples of such behaviour in his locale, Systeo's Beijing office, suggesting that there was substance to the hearsay. The two colleagues he singled out had worked in state-owned enterprises prior to joining Systeo. However, during my 13 months in the same office, I found that these were the *only* colleagues to take naps in Systeo offices. This supposed "SOE-like" behaviour was not spreading amongst employees stationed in the office because of "exposure" to their formerly SOE-employed colleagues. Rather, the problem that this manager was pointing out was one of officially defined Systeofication – nap-taking employees did not display the subjectivity desired by expatriate management, as circumscribed by the core values which narrated as the foundation of Systeo's corporate culture.

The question of what constitutes professionalism and how it intersects with Systeo's management practices was also raised by Chinese consultants. In my second week at Utility China I had lunch with consultant, Eric Chen, who expressed his frustration at having to work with Utility China employees. "SOE efficiency is, indeed, very low," he told me, letting-out an audible sigh. In agreement with expatriate managers, he thought that if Systeo consultants spend a long time on an SOE project they start to acquire the working practices of the client. He gave an example: "when you communicate with the client they will say this is not my responsibility, I'm responsible for this and that, which *doesn't* include whatever you've asked them about, as a way of getting out of work. Similarly I find my [Systeo] colleagues will start to say the same thing and become picky about the scope of their work – they won't accept tasks which

lie outside their defined scope.” He shook his head in disapproval. For Eric, the adoption of SOE working practices goes against the main reason why he, and according to him most Chinese workers, choose to work for a foreign-owned company – in order to “*tigao xiaolv*”, to improve their efficiency. After lunch Eric and I returned to the hall. He closed his laptop, took out a small white pillow and placed it on top, before laying his head down for a twenty-minute nap. Soon I found that every consultant, project managers included, and every Utility China employee was asleep and I became painfully aware of the sound of my own typing. Like Eric many of the consultants slept on pillows which they had brought into work, specifically for the purpose of taking post-lunch naps, indicating that this was sanctioned behaviour for these advisors of efficiency. Consultants take naps on-site and criticise their clients’ low efficiency because the restraining of bodily impulses is not part of the definition of efficiency that they sell to their clients. Contrary to the exhortations of expatriate managers, the on-site behaviour of Chinese consultants is not inconsistent with the project of consulting, and here I am referring to the politics of the management practices which consultancies sell.

Efficiency and “the value chain”

Improving efficiency is one of the central claims of management consultancies, which construct their clients as patients diagnosed with a serious bout of “inefficiency” to justify the need for their expertise and their management devices (McKenna 2006), at great cost to their clients. The cost of installing an ERP system in a large company, projects which constitute the “bread and butter” of technology-based management consultancies like Systeo, can run into the region of 50 million to 500 million USD (Davenport 1998: 126). How consultancies persuade their clients to take such a big hit to their bottom line is through the claim of long-run efficiency – defined as the bolstering of shareholder value through the lowering of costs in a projected long future. In other words clients incur huge upfront costs – the installation of enterprise systems – in exchange for the promise of potential reduced costs – that enterprise systems will lead to the “efficient” running of an organisation, by integrating data and making value visible. An “efficient” organisation is one that increases share prices, not necessarily one with sustainable productivity. ERP systems are designed to make visible to management the contribution of each worker to the firm’s shareholder value. However, visibility in itself does not confer reduced costs but rather provides the mandate upon which costs,

namely labour, can be reconfigured. In this section I will show that consultants, by installing IT-enabled systems of management, claim to reduce costs by creating the material and ideological grounds for restructuring the firm as a system of subcontracting. In the process they generate a virtuous circle of profit for themselves – by restructuring clients in such a way that substantial reductions in costs can be realised through the “elimination” of resources, i.e. via the outsourcing of labour to external vendors, namely themselves.

In no small coincidence, the second, less prestigious, but almost equally profitable part of Systeo’s business, is concerned with the outsourcing of business processes. In Dalian, Systeo has three service centres where knowledge workers carry-out de-skilled, processing work which is outsourced to them by virtual means from Systeo’s clients and also Systeo’s own consultants. To outsource the most de-skilled work to Dalian, requires a fundamental restructuring of work practices to confer, what I argue to be, an ontological split between cost and revenue, and concomitantly between those deemed to produce cost from those deemed to produce revenue. Only “cost” is outsourced. But this distinction – what is cost and what is revenue – is one that has to be made and re-made, specified and re-specified. We can see this by examining Systeo’s internal system of subcontracting. The knowledge workers in Systeo’s SSC which I examined in chapter 2, who exemplify Systeo’s outsourcing expertise, are defined as employees who *do not* create revenue – they are categorised as cost-generators. In contrast, consultants who spend their working days based at client sites are categorised and trained, as we saw in chapter 3, as revenue-generators – the employees who create profit. But intriguingly knowledge workers employed in the two service centres in Dalian which are directed to external outsourcing – ITO and BPO – are *not* categorised as cost-generators. Rather, the fruits of their labour contribute to the *revenues* booked to outsourcing. In 2008 a sizeable 43% of Systeo’s revenues came from outsourcing services, a figure which compares well with the 57% of revenues from consulting services. The character of the work that is performed in these external service centres is certainly approximate to that carried-out in Systeo’s internally directed SSC. In fact, BPO is almost identical. The only difference is that the “clients” of BPO are indeed an external entity, whilst the “clients” of the internal SSC are Systeo employees. “Cost” and “revenue” are subjectivities that have to be performed as ostensibly related to the

intrinsic productiveness of their work, but, in fact, reference a constructed boundary of productiveness.

Put differently, it is by producing subjectivities which are not only relationally constructed, but also ontologically opposed, that Systeo can tether outsourcing as a means of improving efficiency. To decide what should be outsourced, requires the produced determination of what is a good – “revenue” – and what is a bad – “cost”. Since all employees, in fact, produce both cost and revenue, the construction of the firm as consisting of two essentially different groups of workers – revenue-generators and cost-generators – has to be made. The success of this enactment is evidenced through the following management terms which have achieved common usage: “front-office”/ “back-office”, “business unit”/ “support unit” and “profit centre”/ “cost centre” - all of which rest upon the constructed boundary of revenue/cost. Furthermore all of these terms are applied in Systeo and, as a result, their clients. Subcontracting takes place between the two groups, the second – “cost”- contracting work from the first – “revenue”. As we saw in chapter 2, what gets contracted-out and the shape that contracting-out takes plays a fundamental role in the construction of these groups as being solely constituted of “cost” or “revenue” – a distinction which is critical to Systeo’s business of “adding value” to their clients. This is done through restructuring which occurs in two phases. Firstly, by installing enterprise systems which operate on the principle of the value chain, Systeo divides a client’s organisation into business units and support units, thereby establishing that such ontological distinctions can be made between workers on the basis of their contribution to value – they either add-value by generating revenue, or diminish value by generating cost. Secondly, by isolating cost to a specific domain and specific workers, Systeo is able to make the argument that costs can be reduced by replacing these workers with more “efficient” versions – ones which destroy value to a lesser extent. For their clients this entails replacing their existing cost-generators with subcontracted Systeo knowledge workers – this is what Business Process Outsourcing (BPO) consists of. In short Systeo installs computer systems which institutionalise the separation of cost from revenue allowing them to then export their clients’ “cost” to their own service centres in Dalian, to create an additional revenue stream for themselves. By doing so, Systeo institutes a system of subcontracting in their clients which intermeshes with their own internal system of subcontracting.

The task of installing enterprise systems requires a system of subcontracted labour *within* Systeo, which is replicated and transfused into their clients through consulting. Consultants on client sites represent only a fraction of the total labour required to install an enterprise system. The rest is drawn from Systeo's service centres in Dalian, which are comprised of software engineers, administration, and finance workers.¹⁰⁸ These knowledge workers carry-out the parts of consulting which are not visible to clients but are, nevertheless, critical to the production of consulting. For example, the process of pitching and submitting a proposal to prospective clients requires the labour of both consultants and offshore workers; the latter facilitate virtual sales meetings and complete documentation to track and guide the sales process. Also, offshore workers play a significant role in the financial management of consulting projects – processing timesheets, expense claims, organising accommodation and flights, of consultants. Almost anything that can be done remotely, i.e. that does not require direct contact with the client, is outsourced to Dalian. It is by defining this work as “cost” that consultants can assume the appearance of revenue-generators – defined by their *lack* of visible cost more than their revenue generating potency. In contrast, knowledge workers in Dalian are saddled with an abundance of “cost”, obfuscating any claims they have to generate revenue.

Like their counterparts in Systeo's clientele, internal cost-generators are made aware of their inferior status, vis-à-vis revenue generators, through constant reminders of their unstable existence. In chapter 2 I documented the various ways this occurs: strict cost controls and the construction of a client-service provider relationship. In chapter 3 I examined the techniques of training value creation, which stabilise consultants' designation as “revenue generators”. Here I will show that they are also incentivised to generate revenue through the company's performance management system. As I stated at the beginning of this chapter in the HCS Programme there was concern that performance management was not operating “correctly” in China. This was a moment of unsettlement, as Saskia Sassen (2006) puts it, of “normal” economic operation. Rupture for the ethnographer can often be extremely productive. For it was in this moment that I was able to suggest possible collaboration with the HCS

¹⁰⁸ One deals with software engineering, another with the external outsourcing of business processes i.e. from clients (BPO), and another with the internal outsourcing of business processes i.e. intra-Systeo outsourcing.

Programme, the afore-mentioned research into Performance Management. Furthermore unsettlement also provided a rare opportunity for para-ethnographic insight (Holmes was Marcus 2006) – only by examining the “unsettled” that I could infer what it meant to be “settled”. To be less cryptic, it was by applying the ethnographic lens to a managerial system that was deemed to be operating incorrectly that I was able to gain insights into what it meant for it to be working as intended, or “correctly”. In total I interviewed 38 Systeo employees: 31 consultants, mostly at the client sites, and 7 knowledge workers, in the SSC. Notably the interviews with the knowledge workers were of little interest to the HCS Committee. Why they were so concerned with consultants, and not knowledge workers, is because of the important connections between performance management and revenue generation, a point that I will now elaborate upon.

In my interviews with consultants it became apparent that their knowledge of the official procedures of performance management, was, at best, patchy. Corroborating the findings of the HCS committee, they showed little concern for setting performance objectives or for the exact order of procedures, some admitting that they wrote their objectives after a project to ensure they had met all of their targets. They knew that their evaluations would impact their salary, but contrary to the company’s official literature they claimed that this relationship was not based on the meeting of performance objectives but whether they were “on project” or “idle”. The former refers to the state of being assigned to a project and being located at a client site. The latter defined as the period when a consultant is not working on a client project but is in the office for training or helping out with “business development” – the writing of proposals for prospective clients. The consultant who complained of SOE inefficiency, Eric Chen, summarised the difference between the two statuses in the following manner, “if you spend a few years on project your salary will double compared to if you spend that time in the office, you see being idle is both hard to endure and also hard to get out of, you can get stuck there”. Consultants are paid significantly more when they are “on project” because they are deemed to be revenue-generating – they can bill their time to clients. In contrast when they are not “on project” their revenue-generating capacities are considered to be “idle”, clients are not paying for their time and instead consultants are deemed generative of costs. By not “fulfilling” their designation as revenue-generators of the company, consultants who are “idle” for extended periods of time incur

punishments in the form of a poor performance rating, diminished remuneration, and for those ranked in the bottom ten percent of their cohort – being laid-off. Similarly, when cost-generators do not “fulfill” their designation, defined as not minimising costs sufficiently, they risk losing their jobs to workers who are “better” cost-generators – workers who are cheaper labour. Revenue-generators and cost-generators find their existence precariously balanced on their ability to perform the categories which they have been designated in the consulting model of production.

For consultants, Systeo’s revenue-generators, part of this performance concerns efficiency. The project of consulting is based upon a claim to “improve efficiency”. Not only must consultants visibly improve the efficiency of their clients but they must also exemplify efficient corporate subjects in their capacity as market experts. Consultants add-value to their clients, chiefly through their claim to reduce clients’ long-run costs. But they add-value to Systeo by generating revenues – this is how they perform efficiency. Once consultants are “on project” they are eliciting revenues from clients, and are defined as adding-value to the company, and are rewarded with bonuses which constitute the “trickle-down” of their add-value. Thus, it is not surprising that for many consultants their primary “performance objective” is simply to stay “on project”, and that the “correct” writing of objectives, to reflect the company’s core values or current strategy was, in contrast, of little concern to them. However, for expatriate management efficiency is taken to mean more than the ongoing creation of revenue. They also take it to refer to the embodiment of a certain definition of business practice which includes not taking naps, dressing conservatively, and a general restraining of individual expression. For expatriates, consultants must add-value, but in the “right” way – the Systeo way.

Both Chinese and expatriate employees frequently named “culture difference” as the explanation behind instances of workplace misunderstanding, including those concerning definitions of professionalism. But I would suggest that the perceived “cultural difference” between expatriate managers and Chinese consultants over professional practice is less about culture, and more about the definition of efficiency which underpins consulting. Expatriates considered efficiency to encapsulate both the creation of value through revenue and a conspicuous narrative of Systeo-specific ethics, the latter referring to the propagation of its core values. But for Chinese consultants consulting was primarily about adding value through revenue. In my interviews with

consultants I found that very few of them could successfully name all of Systeo's core values, let alone embody and promulgate them. Although they sell consulting as a means of creating add-value modern corporate subjects *for their clients*, drawing on the concept of *suzhi*/quality to explicate their definition of modernity, consultants consider the ideal corporate subjectivity *for consultants* to be solely oriented towards increasing shareholder value. They see no conflict between their stated task of creating value through revenue and taking naps at their client site because efficiency is equated with the former and not the latter. Moreover, Chinese consultants identified this exclusive focus on shareholder value with Chinese businesses and not Western management, even though the shift to shareholder value was one instigated by Western institutions – banks and management consultancies – including Systeo. When asked if he would work for a Chinese consultancy, consultant Richard Bao said, “No. They have a bad reputation, not as good as foreign ones...domestic [consultancies] need to grow up, they are more like real capitalism, squeezing the workforce to get more value but they don't treat people well...they have a short-term perspective.” Basing his judgment on the reports of friends who have worked at Chinese companies rather than personal experience, Richard's comment was instructive not for his insights into Chinese business practices but for the model of capitalism upon which he based his comparison. Like the investment bankers in Karen Ho's ethnography of Wall Street (2009), Chinese consultants imbibe and propagate, in their capacity as market experts, a capitalism that is intimately connected with the configuring of labour to increase shareholder value, which as Ho has demonstrated is commonly evidenced as an increase in the share price of a corporation. It is a capitalism which rests upon the segmentation and separation of labour into those who “add-value” and those who do not – categories which correspond to those who restructure – the revenue generators – and those who bear the consequences of restructuring – the outsourced and the downsized. Consultancies as an institution fall into the former – consultancies create revenue – but the labour of consulting is split between the two categories – consultancies minimise their own costs by configuring their own labour into a system of subcontracting.

The ontological split between “cost” and “revenue” is made material in part through technologies which enable the spatial separation between the two designations. Work termed as “cost” can be offshored to Dalian via information and communication technologies encapsulated by enterprise systems, ensuring that the differential treatment

of cost-generators and revenue-generators is hidden. However, in some cases offshore workers are brought “on-shore”, they are deployed at the client site, bringing them into direct contact with their colleagues with whom they are defined in diametric opposition. One such case was the client site of Global Tel. A large foreign multinational which manufactures mobile phones, it has offices and an adjoining factory in the outskirts of Beijing, where Systeo consultants and “offshore” knowledge workers worked alongside each other to implement and maintain a Siebel sales-tracking system – another type of enterprise system. As its name suggests, this computer system was designed to manage the Global Tel sales force, providing “real-time visibility to sales operations” according to an internal memo. Sent to all Systeo’s permanent employees, the memo celebrated this particular project which was Systeo’s first China-to-China outsourcing engagement. By bringing “onshore” labour which is defined as “cost-generating”, this project provided a rare opportunity to view multiple points in Systeo’s internal system of subcontracting simultaneously.

The sales-tracking system was designed and “implemented” by consultants based at the Global Tel client site, and the “costs” of the software engineering process required to create the computer system were outsourced to Dalian – to offshore software engineers who were responsible for technical support. The third group of workers were termed the “on-site maintenance team” and consisted of one consultant, and two offshore workers who had been brought onshore to the client site, to staff what was essentially an on-site call centre for Global Tel sales employees. The unusual make-up of the third group exposed the differing managerial treatment and criteria of performance evaluation applied to the different categories of workers. Dennis Tang was one of the offshore workers who had been brought onto the Global Tel client site. Having previously held the position of Global Tel Offshore Manager, Dennis was not a new addition to the Global Tel project team. By moving onshore he had simply made the transition from invisible labour to the visible labour of consulting. This change was not reflected in a change in status – he was still a Dalian offshore worker and subjected to performance criteria specific to offshore workers. This was a thorny issue for Dennis. In particular he complained of the language policy which was applied to offshore workers but not consultants. In Systeo’s offshore software engineering centre, where Dennis worked previously, Systeo workers must speak a foreign language – English or Japanese – the language used by their clients. Regardless of all other aspects of their

performance, software engineers cannot be promoted to managerial level unless they have passed a recognised language exam to demonstrate their proficiency.¹⁰⁹ When I mentioned the use of different performance criteria to the British partner who managed the team and authorised my access to Global Tel, he referred to this differential treatment euphemistically as “having different career paths.” That was why, he said, it was better to keep the offshore workers “in the centres” – it was better to keep them offshore.

The imposition of this language policy is part of a larger managerial regime designed to keep offshore labour “flexible”. Unlike their consulting counterparts, offshore workers must contract work from a range of clients – Chinese state-owned enterprises *and* clients in Japan, Australia, Europe and North America. They must possess a range of qualities which make them fit for multiple deployments – for example, to Chinese and Japanese clients, or Chinese and American clients. Many consultants, on the other hand, are deployed only to Chinese state-owned enterprises – Systeo’s main clientele – where they need only speak Chinese. The system of subcontracting creates a flexible workforce for Systeo, but it is a flexibility borne by only some of their workers – those who are offshore. In contrast, consultants represent the fixity within the system, the nodes around which flexibility circles. Systeo replicates this “dual labour market” within their clients, by restructuring them into business units and support units which are composed of revenue-generators and cost-generators, respectively. Under their remit as experts who lower costs, Systeo makes the argument that clients’ costs can be reduced by outsourcing support units to Systeo, giving clients “flexibility” by reducing their permanent workforce.

The argument that a flexible economy is one underpinned by a dual labour market – of permanent and contract labour – is not new, but my intention is to demonstrate that this duality is underpinned by a corresponding ontological split between cost and revenue. The separation of flexibility and fixity is aligned with the construal of workers as producing *either* cost *or* revenue. This is the case even for workers who are not contract-workers but are nonetheless defined as producing “cost”. Within Systeo, both offshore workers and consultants are permanent employees, but a

¹⁰⁹ He pointed out that this policy often meant that poorly performing engineers would be promoted over their more talented colleagues, since they were often “on the bench” and thus had time to study.

relationship of subcontracting is constructed between these two groups on the basis of a value-chain rationality. Contract worker or not, those who are deemed to produce “cost” work under a logic which is oriented towards their own erasure – the “best” cost-generator is one that no longer exists on the books.

Conclusion

Systeo’s American CEO, John Scott, travels the world giving talks to Systeo employees, who can follow his progress on-line at his homepage entitled “Johnny on Tour”. Styled as “Town Hall Meetings” these talks are designed to showcase Systeo’s corporate culture “from the top” – as narrated by its leadership. His visit to Beijing was widely anticipated. Consultants, junior and senior, filled the ballroom of a five-star hotel in Beijing’s central business district. John believes the whole world is moving east, “China is the place to be” he tells the audience “when I first started out all I wanted to do was make a difference, if I was to start again I would start in China”. More than just motivation speak, John’s comments reflected the growing importance of China to Systeo’s business, based on its potential to both generate revenues and reduce costs i.e. for consulting work and outsourcing. China is one of the few places which has both an abundance of wealthy clients – state-owned enterprises – and a large source of cheap, well-educated labour. A combination which makes it the ideal location for Systeo’s model of production: the system of subcontracting.

My focus in this chapter has been on how this particular labour system is, in part, enabled by technology, the enterprise system, which is both the object of consulting and the tool with which consulting reproduces itself. Consultants sell management expertise in the form of computer systems which makes visible workers’ contributions to shareholder value – the company’s share price – only to use the same computer systems as the means of justifying their on-going presence within their clients – to maximise share prices clients should offload their “costs” to Systeo via an outsourcing arrangement. This “reengineering” of the firm draws on the conceptually ambiguous term of corporate culture to infuse clients, and Systeo’s own employees, with a logic of outsourcing, which rests upon the separation of cost from revenue. By reading the managerial techniques used to render corporate subjects within Systeo, I have sought to demonstrate how employees are crafted and incentivised to perform their

designations, as revenue-generators and cost-generators. Performance management is one domain of fashioning, internal controls another. It is these knowledge practices which underlie the process of Systeofication – the making of workers which “fit” the system of subcontracting.

To contextualise the analysis of this chapter I would like to draw on science and technology studies, in particular the work of John Law. Specifically, Law's concept of heterogeneous engineering, “the idea that when technical systems are constructed they involve the ‘engineering’ of people” (Law 2000:3). This concept allows us to get away from strict technological determinism which my research collaborators attempt to propagate, and instead conceive of managerial devices, including enterprise systems, as assemblages of both the social and the technical which produce certain kinds of people, “suitable” for global markets. In my ethnography, I have sought to demonstrate that the ideal corporate subject is one that adds-value, but this is a subject engineered in relation to its “Other” – the subject that destroys value. And as such one cannot be engineered without the other. These relational subjectivities are not isomorphic with the vital components of the shareholder value model – cost and revenue – but rather the construction of cost-generators and revenue-generators alters the economic categories upon which they are constructed. By reconfiguring work processes and labour, management consultants institute a system of subcontracting which leads to the *appearance* of lower costs. These actions in themselves redefine cost, and concomitantly value and revenue. The system of subcontracting purifies the production of value from the production of cost – that is to say, value is produced through the separation of cost from the act of creating revenue. In this way, cost can be removed or rather “outsourced” to a less visible terrain, leaving value “clean” and solely constituted of revenue. It is this act of distillation which defines the process of Systeofication and more widely the “add-value” movement which Systeo advocates.

Chapter 5

Installing real time

Along with trading screens and news terminals, ERP systems serve as material architectures of real time, a temporal frame which has come to dominate descriptions of global capitalism (Hope 2006). Denoting the ever-increasing speed of transactions enabled by the rise of information and communication technologies or “ICTs”, real time is obliquely referenced in descriptions of global capitalism which focus on the drive towards simultaneity, instantaneity and immediacy (for example Cetina and Bruegger 2002, Ho 2009, Miyazaki 2003, Riles 2004, Harvey 1989): accounts are settled immediately, lags are expunged, the drive for shareholder value moves onwards, unhindered by “gaps” in time. For sociologist Manuel Castells, real time refers to more than just speed, it refers to a wholesale transformation in capitalist time (Castells 1996). In his book, *The Rise of the Network Society*, Castells asserts that real time, as a product of ICTs, has been realised. He writes, “for the first time in history a unified global market *working in real time* has emerged” (emphasis added, 1996: 434), an achievement which he links to the advent of “timeless time”; he argues that “capital’s freedom from time and culture’s escape from the clock are decisively facilitated by new information technologies, and embedded in the structure of the network society” (*ibid.*). In other words, Castells’ rhetoric of real time contends that ICTs, as a fundamental component of the network society, act to emancipate capital from the oppression of time. We are presented with two distinct descriptions of real time: the compression of the temporal horizon, to chase the present, and the side-stepping of contextualised time, in capital’s liberation from the frictions of time.

Certainly at the representational level, technologies of real time both speed-up the flows of finance capital and are the means by which time can be apprehended. They demonstrate what Laura Bear describes as the dual representation of time within global capitalism (Bear 2011). Time is posited as both an enabler and a potential hindrance to profit creation. By monitoring and producing speed these devices represent time as a

means of disciplining knowledge workers and as an unpredictable external force which must be controlled in order to generate profit. Put another way, real time devices are narrated as a means of bringing together the informational representation of the present and an objective “real” present (the “real” of real time). To realise real time is to eliminate the gaps between these multiple “presents” – the device, and by extension its user, achieves oneness with the “real” present. Real time devices attempt to make the present knowable.

But it is an objective which is always a “process of becoming rather than an empirical accomplishment”, as Wayne Hope has argued (2006: 276). It is both isomorphism with the present and the very impossibility of that occurrence. In his critique of real time Hope makes the point that “real time merely describes ‘the full potential’ of what information technologies ‘could ultimately do’” (Hope 2006: 286). In that sense real time is not descriptive of the timescape of global capitalism but rather circumscribes the promise of technologies which undergird the “new economy”. Implicitly he makes the point that real time is not a property or product of these devices, a point I agree with, but rather describes a utopic vision of technological determinism, whereby even the present can be harnessed. I take his position as the starting point for this chapter, which focuses on the temporal conditions engendered in the installation and operation of ERP systems. I contend that the posited “failure” of real time, to realise its project of full identity, derives from the *ex-ante* proposition that real time refers to a singular temporal logic – simultaneity – the drawing together of the dual representations of time. Through an examination of Systeo’s deployment of ERP systems, I seek to demonstrate that real time devices, in fact, both produce and are legitimised by recourse to multiple, contradictory, temporalities. And real time is best described as a placeholder for the temporal effects of a politics of value creation which finds expression in managerial devices. That is to say, real time is a form of politics “made durable” in technology (Latour 1991).

The widespread uptake of ERP systems hinges on the claims of this technology to facilitate *speedy* management. The industry leader in the software for ERP systems, SAP, describes its products “state-of-the-art computing technologies [which are] capable of processing huge volumes of information and supporting rapid decision-making”.¹¹⁰

¹¹⁰ See SAP white paper, *Translating Strategy into Action: The Balanced Scorecard* (1999b: 27).

And in his analysis of ERP systems, Simon Head describes this technology as giving “managers the power to ‘drill down’ so that they can also look at the work of a particular employee in *real time*” (2003: 157, emphasis added). Underlying these descriptions, given by SAP and Head, is the assertion that ERP systems have determined effects on subjects – they will force workers to work faster. That is to say, a claim of technological determinism is made. This is replicated in much of the academic literature on ERP systems (for example see Davenport 1998, Scott and Vessey 2000, Grant et al 2006).¹¹¹ In sum there is a general perception created by software companies, which is supported by academic analyses, that real time can be imposed onto the workplace and, indeed, workers. For Head this leads to the extension of the de-humanising and de-skilling practices associated with Taylorist management to the domain of services. Whilst for SAP the imposition of real time can only be a good thing - embedded in their publications is the implication that the realisation of real time will confer positive effects on shareholder value. In contrast I will argue that real time in the sense that they invoke this temporality – simultaneity – is not attained or imposed. Furthermore I will attempt to show that this concern with real time is not actually about achieving simultaneity. The temporality of ERP systems, which attempts to dominate the timescape of the organisations in which they are installed, corresponds to a temporality defined not by the objective of oneness with the present (simultaneity) but rather the objective of isomorphism with *the market*.¹¹²

ERP systems are designed to produce corporate subjects that are “coeval” with the market (Ho 2009: 252), to borrow a description from Karen Ho. She terms such subjects “liquid” employees because they acquire value by virtue of their liquidity (*ibid*). In the model of employee liquidity that Ho delineates, she makes no mention of socio-technical devices of management such as ERP systems. Nonetheless, she argues that the organisational culture of Wall Street creates a sense of temporal simultaneity with the market for investment bankers, by subjecting them to the very practices of downsizing

¹¹¹ In contrast there are analyses of ERP systems which escape claims of technological determinism by adopting an “ANT (actor-network theory) approach” (for example Quattrone and Hopper 2006, Dechow and Mouritsen 2005) which refuses any mode of analysis which siphons “the social” from the “the technical”, instead proposing the rather clumsy-sounding analytic of the sociotechnical (Law 1991).

¹¹² Hope argues that the defining feature of real time is that “[T]he drive towards electronically networked instaneity never reaches completion. In the process, however, information and money are fused together” (2006: 279)

and liquidation, and thus the short-term temporal frames of these practices, which they impose on corporate America.¹¹³ Similarly, consultants in Systeo are managed with the aid of devices which they also install in their clients – ERP systems – thus are subjected to the same processes of surveillance that they claim will “add value” i.e. enable value creation. In this chapter I will examine in greater detail Systeo’s internal practices of performance management which I first discussed in the previous chapter, and which deploys ERP systems.

According to SAP, their ERP system “allows you to automate Economic Profit calculations at the level of internal organisational units, legal entities and at every desired group level.”¹¹⁴ In the ethnography that follows I will seek to demonstrate that this divisibility of value went beyond the level of the organisational unit. The operation of ERP systems is designed to allow management to determine the *individual* contribution of each worker to the firm’s shareholder value. A calculation premised on a hegemonic temporality of finance capital is installed whereby consultants are incentivised to move in-step with the market by a managerial system which rewards and punishes them on their ability to generate revenue. But this temporality of finance capital is in conflict with the temporality of production and planning – the projected long future – in which ERP systems are installed. In that sense ERP systems are both an audit technology and the socio-technical means to achieve a value-added utopia – it is a device which aims to render visible workers’ ongoing contribution to *value* in a master plan of maximising the firm’s shareholder value. The high upfront costs of speed, i.e. of installing real time, is balanced against the claims of long term cost savings made by consultants. In short, ERP systems mediate between short and long term horizons of value, in the process producing conflicts in time which punctuate workers’ temporal experience under global capitalism.

Scheduling Project Work

Most of the people I met when I first moved to Systeo’s Beijing consulting office were the highest rank of consultants – partners – or support staff such as

¹¹³ The instability and uncertainty that these working practices produce, legitimises the imposition of shareholder value led restructuring which investment bankers propagate.

¹¹⁴ See SAP whitepaper, *Enabling Value Based Management*, (1999:3).

secretaries, cleaners and employees in HR, Marketing and IT support.¹¹⁵ Partners sat in individual glass-walled cubicles positioned along the outer edges of the office-floor, whilst support staff sat in clusters of desks corresponding to their department.

Permanently located in these spaces, these employees went to considerable effort to personalise their workspaces. Photos, posters, plants, calendars, and the odd humidifier to combat Beijing's notoriously dry air marked their desks and surrounding areas. In comparison the open area reserved for consultants appeared barren and monotone, devoid of personal touches. For the desks in this area were not permanently allocated to any individual employee, rather they had to be booked in advance using the company's intranet system. Furthermore, there were very few spaces reserved for consultants.

Although over 300 consultants were employed in Beijing, there were less than 30 desks in the open area - consultants' work was defined by the lack of permanence. It involves moving from one client site to another. In between they stop-by the airport, the taxi, their homes, to name just a few places, all the while their laptop "freeing" them from the constraints of space and time.

This mobile existence was portrayed in a glamorous light in the company's recruitment literature and induction training for new employees. Photos of young, well-groomed professionals dressed in muted tones pulling along carry-on luggage illustrated the company dress code. And presentations explaining the procedures to book plane tickets and hotels described the "opportunities for travel" which came with the job. Employees were told in dizzying detail about the array of travel expenses and benefits which they would enjoy as a consultant, which included bi-weekly return flights to Beijing and a daily travel allowance, *per diem*, which they were eligible for whenever they were based at a client site outside of Beijing. This provoked a flurry of questions from the new employees who were keen to know more about the travel aspects of the job. But first of all they needed to be booked onto a project.

A project refers to the specific work contracted to Systeo by a client. As stated above, this often involves the installation of an enterprise system of some sort, a process which requires consultants to be sent to the client site in order to explicitly "deliver" the product. (Although, as I have stated numerous times elsewhere, the labour required to produce consulting is not confined to consultants but rather draws extensively on

¹¹⁵ These staff were categorised as "onshore" cost-generators.

knowledge workers in its outsourcing division). This involves the material and discursive installation of enterprise systems. As we saw in chapter 4, the visible aspects of up-skilling – the training of clientele to use these systems and the refining of the interface to ensure the system operates as intended – takes place at the locality to which the project pertains, the client site. Determining exactly which consultants will get posted to which project involves matching the “skill sets” of consultants to the skills required to complete the project in question. Much like choosing manufacturing equipment in a factory, those with the technical capabilities most suited to the requirements of production are chosen for the job. But unlike choosing manufacturing equipment, consultants are subject to the forces of the market in order to prove their suitability for production. That is to say, consultants are chosen via the construction of an internal labour market *within* Systeo.

Officially it is the responsibility of the Human Resources (HR) department to match “resources” (i.e. workers) to projects. Each consultant is allocated an “HR rep”/HR representative, a member of HR tasked with ensuring their work schedule is filled. Similarly, each project has an “Engagement rep”, a different member of HR whose responsibility it is to find suitable consultants to fit the specifications of the project. This separation of responsibility between different members of HR is constructed along the lines of market ideology, some reps are concerned with the demand-side of the labour market – the project – whilst others are preoccupied with the supply-side – consultants. If a consultant has not been matched, then it is their HR rep’s responsibility to find them a suitable project and complete the administration steps required to authorise the “booking” of the consultant onto the project. Likewise, if a project is not fully staffed the Engagement rep must look for consultants which fit the requirements defined by the project constraints. But alongside these explicit practices of market-based management is the application of managerial techniques which seek to automate the matching process, to create a market-clearing mechanism based on a model of perfect competition and its assumption of the self-interested, utility maximising individual. These techniques draw on material artefacts, examples of what Michel Callon refers to as “market devices”, defined as “the material and discursive assemblages that intervene in the construction of markets” (in the introduction of

“Market Devices”, a collected volume edited by Callon et. al 2007).¹¹⁶ That is to say, ERP systems are socio-technical devices which are designed to foster the assumed behaviour of a competitive market model amongst its users, to institutionalise forms of self-surveillance. And as market devices they straddle the purported “distance” of governmentality often associated with audit practices (for example Dunn 2004, Shore and Wright 2000).

All consultants are given access to the intra-firm scheduling system which borrows from branded ERP systems. It is called myScheduling. In their induction training a powerpoint presentation described it as,

“a personalised system for scheduling information, such as scheduling metrics, skills and preferences that YOU are responsible for keeping CURRENT.”
(emphasis in original)

Superficially it acts as a device for recording time, presented as a kind of diary where consultants can see their past, current and future projects. But as the above description indicates, it schedules more than consultants’ working time, it also orders their *qualities* – their performance metrics and skills. I will explain performance metrics later in this chapter, for now let us look at how skill is construed in Systeo. Each consultant must make a list of his/her skills and record them in the form of a “Systeo CV” which is then uploaded onto myScheduling. Much like the CV that they submitted when they first applied for a job in Systeo, we find that consultants must construct a document for the sole purpose of being “hired” in the internal labour market of Systeo. The Systeo CV makes explicit their skill set and gives an historical account of the projects where these have been honed or displayed. That is to say, it is an artefact which disaggregates workers into an assemblage of skills, but also contextualises these skills in space-time – it states when and where these skills were exhibited. So a consultant who has “strong project management skills” will buttress his/her claim by listing the client projects

¹¹⁶ A more comprehensive definition is given by Martha Poon in her analysis of credit scorecards as a form of market device, she defines such devices as “any distributed technological arrangement that participates in the production of calculative agencies that are firm enough to render a singular qualification of market goods and therefore sustain the coming together in acts of exchange” (Poon 2009: 658).

where she has developed or shown managerial skills. But by keeping the details of the project to a minimum (even the name of the client who contracts the project is withheld and replaced instead with a generic description such as “Large European Retailer”), the emphasis is placed on the *combination* of project management skills with other qualities and not the specificities of its derivation. Consultants are constructed as bundles of qualities, whose productive power and range of application derives from the fact that their qualities are abstracted from context, making them amenable to formal calculation. In other words, consultants are subjected to the operation of qualification typical of market devices (Callon et al. 2007:4) – myScheduling transforms persons into calculable beings.

By choosing a mechanism of market allocation, created through the intervention of HR reps and the automation of allocation via myScheduling, Systeo shifts the responsibility for deployment onto the individual worker. As the prefix “my” suggests, one of the objectives of myScheduling is to remind consultants of their individual responsibility to find project work. One way workers can enact this responsibility is by ensuring that their CV is always kept up to date, for skills are not qualities retained by workers indefinitely, rather they must be constantly worked upon – renewed, practiced, improved – to maintain their potency. Another, more explicit method is by becoming active agents in the “selling” of their own labour. The system enables employees to circumvent the official allocation mechanism mediated by HR through access to a spreadsheet which documents all the projects with vacant positions. Each position will name a contact person, a senior consultant who is managing the project to which the position pertains. Employees interested in the position are encouraged to email this person directly. Given that the spreadsheet includes projects both inside and outside the Greater China region, it is highly likely that the contact person will be an unfamiliar name. An American employee who had transferred to the Beijing office told me he frequently emailed Systeo colleagues whom he had never met before in his quest to find a project. But in my 13 months in the Beijing consulting office I found little evidence to suggest that this was common practice. At most the spreadsheet constituted a source of information which consultants could utilise in conjunction with their established intra-firm networks. Even if they were not active agents, by producing Systeo CVs, consultants were nevertheless complicit in the construction of an internal labour market.

Writing about the rise of coercive accountability in the UK, Chris Shore and Susan Wright have argued that the inherent power dimensions of audit are disguised by a rhetoric of “self-empowerment” producing a system which “rests upon a simultaneous imposition of external control from above and internalisation of new norms so that individuals can continuously improve themselves” (Shore and Wright 2000: 61). Certainly a message of empowered individualism underwrote the process of completing and updating their Systeo CVs which is narrated to employees as a critical part of their “professional development”. Many of Systeo’s clients would demand to see the CVs of the consultants who would be “delivering” the knowledge services they had procured. One client, a multinational company, even asked to interview the prospective Systeo consultants having seen their CVs. In addition, consultants are frequently reminded by HR staff that their Systeo CVs are part of “owning your career” and that “Systeo places much emphasis on ‘the self’”. But at the same time, the purpose of these documents is to create a system of surveillance which exerts power through the regulation of consultants’ subjectivities. Specifically, they aim to develop a market mentality in employees which replicates the model of the market embedded in myScheduling. In other words, myScheduling is a socio-technical device which “engineers” (Law 2000: 3) exemplary market actors, necessary for the installation of a system of market allocation.

The establishment of a system of market allocation has clear, positive, implications for Systeo, namely the optimal allocation of its resources, according to models of economics. The operation of a perfectly competitive market rests upon all parties possessing complete and perfect information. We can see that the system of myScheduling inscribes the model of the market into the labour process, through documents which fall crudely into their designated categories of demand and supply: the buyer of labour (the Systeo Project manager who acts as a proxy for the client) acquires knowledge of the seller (the individual consultant) through his/her CV whilst the seller is able to collect information about the buyer through the myScheduling spreadsheet. Of course this is not, in practice, a “free market” since it operates only through the mediation of the HR department which ensure that documents uploaded onto the myScheduling system flow from “sellers” to “buyers” and vice versa. According to the model of perfect competition, if all parties have perfect information then the market should allocate resources efficiently i.e. consultants will be matched to projects in a configuration which maximises profit to the firm. The construction of an internal labour

market is ultimately designed to encourage “efficient allocation” of resources, that is, the labour of consultants. However the system of market allocation is inherently unstable and requires methods of coercion to ensure its replication. This is achieved by linking the market with time.

Billable hours and the market

Like the advertising agency workers which form the subject of Sam Ladner’s discussion on the postindustrial timescape, consultants at Systeo “labour under a unique time regime: their employers bill clients for each hour of work” (Ladner 2009:286). The number of hours that an individual consultant spends “on project” (which, as we saw in the last chapter, is the status of being assigned to work on a consulting project) is termed his/her “billable hours”. To record each consultant’s billable hours and to calculate the total number of man hours (of a project team) to be billed to each client, all consultants must submit a time report by the 19th of every month, in time for the end of month accounting reconciliations. In their induction training consultants are told of the consequences should they fail to meet the deadline:

“All employees are responsible for submitting timely, accurate and complete time reports. Individuals who fail to submit on time 3 times in one year will not be eligible for the Outstanding rating.” (Powerpoint slideshow, HR department)

Systeo evaluates their employees through a system of “Performance Management” which culminates in an annual round of performance appraisals where employees are rank ordered on the basis of their evaluation. Those in the bottom 10% are laid-off, although this term is consciously avoided within the company. Instead, HR staff and consulting partners frequently referred to the lowest performers as “managed attrition” who were “managed out”. These terms are in conformity with the terminology of this system of evaluation – “Performance Management”. At the opposite end of the scale, the employees who fall into the top 10% of the ranked order are rated as Outstanding, and as a result receive the highest bonus. Although the ranking of employees is purportedly done on the basis of their performance alone, the exclusion of employees who fail to submit their time reports suggests that the operation Performance Management is

concerned with more than just performance. The punishment of tardy employees is to ensure that all employees are subjected to the set of socio-technical practices that is Performance Management which are, in fact, designed to produce and stabilise the “revenue-generating” subjectivity. This is a claim which I will seek to substantiate in the ethnography that follows.

The performance evaluation system deployed at Systeo requires each consultant to write a set of objectives at the beginning of each project they are booked on. These are often written in tandem with their project manager who must approve the objectives, to ensure that they were commensurate with the objectives of the project and Systeo’s overall strategic direction. At the end of each project, the consultant is evaluated on the degree that he or she had met the targets. In other words, employees are judged by the targets which they had set for themselves – a point which is frequently used to illustrate the “self-empowerment” of the system (Shore and Wright 2000). Then their appraisal is compared to that of their peers through the “rank and rate” meetings which orders consultants of the same level,¹¹⁷ and then assigns them a “rating” which corresponds with their ranking. Those at the top are rated as “Outstanding”, followed by “Significantly above peers”, “Above peers”, “Consistent with peers” and then “Below peers” ratings. It is through the “rank and rate” process that Systeo management claims a degree of objectivity – the subjective dimension of evaluation is purportedly expunged through a process of cross-comparison enabled through “measurable” targets. But participant-observation of the “rank and rate” meetings suggested that the meeting of objectives was not the only criterion of assessment. An employee’s “billability” – the proportion of total working hours classed as billable – was also used as a metric/numerical measure of performance. To calculate billability HR reps used the following equation:

¹¹⁷ In Systeo’s organisational structure there were 5 “levels” of consultants, the most junior being Analyst, followed by (somewhat confusingly) Consultant, Manager, Senior Manager and Partner.

$$\text{Billability \%} = \frac{\text{Billable Hours}}{\text{“Standard” working hours (i.e. total hours worked)}} \times 100$$

Figure 15: Billability Equation

Moreover, it was the measure which could override all other performance measures. Speaking about the ranking procedure an HR rep, Winnie Wang, told me “if we have two consultants, and everything else is the same but one has higher billability than the other, the one with the higher billability will go up”. She raised her hand to underscore the point. She went on to say that consultants are set a billability target which corresponds to their level, revealing the exact numbers in the form of a table which she wrote on a nearby whiteboard.

Level of Consultant	Billability Target
Analyst	86%
Consultant ¹¹⁸	90%
Manager	75%
Senior Manager	70%

Figure 16: Consultants’ billability targets by rank (level)

¹¹⁸ Rather confusingly the term “consultant” also refers to a rank of consultants. It was common to hear employees refer to a particular consultant as a “Consultant level [consultant]”, to draw attention to his/her rank.

Although constructed as a metric relating to time (the proportion of time a consultants is deployed on project), billability was interpreted as consultants' capacity to generate revenue – it is transformed into a quality of persons. Moreover the company sought to regulate this capacity by establishing a norm, a numerical target, which was enforced through sanctions imposed via performance management. For Analysts at least 86% of their working time should be revenue producing, otherwise there would be negative consequences. Winnie confirmed that for junior-level consultants: "Analyst and Consultant level [consultants] if they miss their target it will certainly affect their rating," whilst for managers and senior managers billability was less significant, as shown by comparatively lower targets, because their performance was measured by another metric which was even more explicitly linked to revenue production – individual sales figures. As senior employees they were expected to support partners in the task of selling Systeo's services to prospective clients – time which was defined as non-billable since it could not be billed to an external party. Partners are not set a billability target since they are solely judged by their ability to generate new business i.e. their sales figures. This underscores the point that all consultants are evaluated on their ability to generate revenue for Systeo, some more explicitly – partners – and some less explicitly – junior-level consultants. For partners, the failure to meet sales targets is taken particularly seriously – they are laid-off. I first heard of this when I revealed to a partner in Shanghai that I assumed that partners could not be fired.¹¹⁹ She quickly put me in my place, telling me "in the financial crisis many partners have been cut!". She also told me that the flip-side of this stringent requirement of revenue-generation is ostensibly unqualified freedom if you meet the requirement. When I asked her why she chooses to work for Systeo she expressly said that "it's not for the money" and that she could earn more working "in industry" (meaning a blue-chip company). Rather, she chooses to work at Systeo for the *flexibility* that comes with being a consultant, and told me that "if you bring in the revenue then you don't have to come into work at all, no-one will care that

¹¹⁹ I have used the term "partner" to describe the highest ranking employees at Systeo, of both the consulting and outsourcing divisions, although this is not the exact term used. The term that is used could potentially reveal the identity of Systeo, which is why I have decided to replace it with partner, a term which is commonly used within management consultancies. Mckenna (2006) explains that this practice dates back to when McKinsey's managing director, Marvin Bower, decided to borrow terminology from the "partner system" used in law firms as an attempt to raise the status of consulting firms.

you are not in the office.” Partners are not only evaluated on their ability to generate revenue, their existence in Systeo depends on generating revenue.

Like all the HR reps Winnie constantly monitored consultants’ billability rates, producing monthly billability reports which she submitted to the partners. For consultants whose billability rate was significantly off target, it was her job to “track the individual nature of each case, [find out] what is the root cause”. She told me of one consultant whose billability of zero percent had to be “signed-off” by the partner of his division meaning his billability would not be taken into account during his appraisal. She stressed that this was an exceptional case but declined to provide any further details. Although HR reps who facilitate the rate and rank meetings acknowledge the relationship between billability and performance evaluations, this metric was conspicuously missing from Systeo’s official literature handed out at induction, or published on its intranet, explaining to employees how Performance Management works. Winnie confirmed that the matter was not addressed in any official communication, rather it was common knowledge that a consultant’s billability would impact their evaluation. Billability was certainly mentioned frequently by consultants but not always implying a direct relationship to performance evaluation. One project manager, Terence Wang stated unequivocally that “billability can not affect [your] rating”, whilst a Consultant level consultant, Anna Li, admitted she was somewhat unclear about the relationship between billability and her performance evaluation, and claimed that “it’s not a problem if [your] billability is low”. Even the employees who knew that billability was significant to their appraisal could not always explain the exact mechanism of how it affected appraisal. But those who did proffer more specific definitions often emphasised the financial aspect of billability rather than the temporal dimension. Whilst at one of Systeo’s client sites, a European telecommunications company located in the suburbs of Beijing, I met a consultant who defined billability as “your ability to bring cash back or return a profit to the company.” He told me he did not worry about billability because he was “on project”, therefore his billability was consistently calculated at 100%. In contrast, the consultants I met in the Beijing office were conscious that they were not on project so were not clocking any billable hours. To use company terminology, they were “idle”. They were reminded of their declining billability by the myScheduling software program. The first page which is presented to

them when they open up the program comprises a list of their metrics, the two most critical metrics given prime position in the centre of the page:

my current billability

my year to date billability

For a system described as organising the schedules of employees, it is noticeable that the first thing that is presented is a numerical measure of productivity which is constructed using time located in the past. My current billability is not a real time measure but rather refers to billability calculated on the basis of billable hours totaled in the last two months. In other words a system which purportedly disseminates information about their future, actually emphasises the productive capacities of employees evidenced in the past.

Whether they are on project or idle all consultants are required to submit time sheets, as enforced by the afore-mentioned penalty. Idle consultants “bill” their time to self-study or proposal work – both considered non-billable activities. Out of the two, the idle consultants were encouraged to occupy themselves with proposal work, which involved writing sales proposals tailored to potential clients, rather than spending their days taking computer based training courses which comprised “self-study”. This was for two main reasons: if the proposal was successful then these consultants would be chosen to staff the new project so would transition to “on project” status, and also to meet other employees which would expand their social networks within the company. But the allocation of proposal work was not a democratic process, nor was there always enough proposal work to go around, so invariably some idle consultants would bill their time to self-study. This was made apparent not by observing consultants taking the training in the office, but rather from their absence. When asked to talk about their time off project two consultants disclosed that their HR rep had discouraged them from billing their time to self-study and instead advised them to take sick leave or vacation. This was with the explicit intention of increasing their billability. “Billing” their time to self-study would increase the number of “Standard Working Hours” in the billability equation, so decreasing their billability, whilst sick leave or vacation would reduce the number of Standard Working Hours, so having the opposite effect.

More probing revealed that the manipulation of billability, by coercing employees into either falsely declaring illness or taking vacation not of their own volition, was an open secret within the company. It reveals the effort and collaboration that is required to construct “on project” and “idle” as diametrically opposed statuses in Systeo – the effort required to make the model of shareholder value *perform*. Within this model efficiency is narrowly defined as the production of value and in diametric opposition inefficiency or “idleness”, as it is called in Systeo, is defined as the failure to produce value. Consultants are incentivised to perform these definitions, an example of what Michel Callon terms the performativity of economics. In his book, *The Laws of the Markets*, Callon argues that “economics...performs, shapes and formats the economy, rather than observing how it functions” (Callon 1998: 2). That is to say, economic models invite or create specifications of behaviour as opposed to acting as accurate descriptions of behaviour i.e. they intervene in the world they claim to depict. “On project” and “idle” do not depict the actual productive capacities of workers, but rather are constructed as contrasting images of worker behaviour, the former aligned with work, the latter with leisure, through knowledge practices which incorporate socio-technical, market devices – myScheduling.

As an intern in the strategy division of Systeo’s consulting practice observed, if you have low billability then “it looks like you’re not working”. Of course this depends on what counts as work. Far from fulfilling the image of the shirking worker, “idle” consultants often put in long hours to formulate sales proposals, a process which involved tight deadlines and a poor “work-life balance”. To create a sales proposal a team of idle consultants would first sit in a meeting room to “brainstorm” – come up with ideas which they scribble onto whiteboards and flipcharts. Then they return to the open area to document their etchings using Powerpoint, a painstakingly time-consuming process which involves multiple rounds of formatting, often involving overtime at home, before being approved by the partner in command. In contrast, and as we saw in the last chapter, when consultants are “on project” they display behaviour which is often associated with idleness – they take naps.

It is apparent that proposal work is not necessarily less pressurised, detailed or demanding than project work and that the labelling of workers who were not posted to a project as “idle” is a misrepresentative characterisation. It is only by instructing consultants to take sick leave or vacation that an *appearance* of innate laziness and

indolence can be constructed – a *post hoc* rationalisation of the designation “idle”. Indeed, the term “idle” does much to obfuscate the definition of efficiency that consultants propagate – not the maximising of productivity but the adding of value and that is by revenue generation. The term “idle” is less related to consultants’ embodied behaviour and more to do with their ability to produce revenue. They are idle in the sense that their revenue generating capacities are not activated. Whilst performance management is narrated to employees as an objective system of procedures and devices to evaluate performance, closer examination shows that consultants are evaluated on the degree to which they perform their designation as revenue-generators of the company – the people who produce value. Billability is *the* distinguishing characteristic of a revenue-generator, and the “best” revenue-generators are those with the highest billability. Deemed to confer the most “add-value” to the company, these consultants are rewarded with bonuses which constitute the “trickle down” of their add-value. In contrast low billability is taken to signify a poor performance of revenue generation. These consultants, who, by the billability definition, have been “idle” for extended periods, are punished in the Performance Management system – they receive a poor performance rating, which in turn confers low/no bonus and the possibility of being laid-off. In effect, workers are rewarded in-line with their ability to perform revenue generation, which is not defined in relation to real time – it is not referenced to a moving present – but rather to reified time. By which I mean billability posits time as an object which can be broken down, analysed, compared and used as a proxy for worker’s value-adding performance. Through the device of myScheduling time is transformed into a measure of market-oriented behaviour.

This is not the same as saying time disciplines workers into certain prescriptions of behaviour. In contrast to a host of anthropological and sociological accounts which posit time as a means of producing social discipline (most famously Thompson 1967), I am not asserting an argument of time discipline. In this regard I am proposing an alternative argument to existing analyses of the role of billability in managing knowledge workers which also emphasise the disciplining effects of time. For Sam Ladner billability is a component of what she calls “agency time”. She contends that the reification of time which billability confers signals a return to Taylorist forms of management, asserting that software programs which track billability,

“are designed to treat time as it would any entry in an accounting ledger; time can be calculated, reconciled and fundamentally *controlled* in ways that were previously possible but too consuming (...) these programs are ‘hyper-Taylorist’ in that they eliminate much of the tedious time calculations that Taylor would complete when measuring efficiency” (Ladner 2009: 288, emphasis in original).

However my contention is that real time devices, which are designed to track and produce billability, are not hyper-Taylorist. For efficiency, in the sense that Frederick Winslow Taylor meant – the maximising of labour productivity – is not the objective of these devices. If efficiency, instead, refers to the maximal creation of shareholder value, how can real time devices such as ERP systems be considered hyper-Taylorist? Far from measuring in real time workers’ productivity, I have tried to show that these devices are actually concerned with demonstrating/making visible worker’s ability to perform their market-oriented designations i.e. billability shows the extent to which consultants perform their designation as revenue-generators of the company.

This underlying objective of so-called real time devices is made explicit when we analyse the mechanics of billability, a metric of performance which is supposed to measure time. A consultant’s billability is an average of their periods of billableness, when consultants are on project and clocking 100% billability, and periods of non-billableness, when they are idle and clocking 0% billability. The real time analysis of a consultant’s billability will yield a score of either 100% or 0% - which is not what HR takes as the measure of performance. Instead they look at a consultant’s year-to-date billability i.e. only by aggregating and taking an average of the multiple periods of “on project” and “idle” can an annual billability score be constructed. HR compares this score with billability targets which, as the table above shows [figure 16], decline as consultants move up the organisational hierarchy, suggesting that consultants are expected to become less proficient revenue-generators as they move up the hierarchy. In actuality, billability is replaced with a metric which delineates the relationship between revenue-generation and performance more explicitly as sales-oriented. The performance of managers and partners are measured, in part and wholly, by their contributions to the company’s sales figures, showing that the objective of performance management is the same throughout the consulting workforce but becomes less obfuscated the further up the organisational hierarchy. Billability, like sales figures, is

about measuring the extent to which consultants act as revenue-generators. It is not a metric which demonstrates the efficient use of time, thus does not benefit from the making visible of minute variances in performance which would be conferred by real time access.

In short, ERP systems are not, in the first place, about creating real time management in the sense that they are marketed in SAP white papers. Although they are a device which has the technological capacity to monitor the productivity of employees with such minute temporal lags that it would appear that simultaneity has been achieved, this is not the remit in which they are installed. ERP systems are installed to engineer corporate subjects deemed “fit” for global markets. There are a number of stages to this engineering process. Firstly, ERP systems are used to create intra-firm hierarchies by producing illusion of ontologically opposed subjectivities: cost-generators and revenue-generators. Secondly, they cement, through mechanisms of incentivisation, the performance of these subjectivities. In chapter 2 we saw how ERP systems are used in Systeo’s internal outsourcing operations, forming the vital socio-technical infrastructure of client-service provider relationships which subordinate SSC knowledge workers as cost-generators. In this chapter I have attempted to show how ERP systems are implicated in the production of “the Other” of cost-generators: revenue-generators. Consultants, and only consultants, are subjected to a form of evaluation which attempts to measure the contribution that they make to Systeo’s revenues. It is constructed as a quality of persons – billability. As I have stated above, the primacy of billability in consultants’ performance evaluations is openly acknowledged by HR staff and consultants. It is even acknowledged by Liu Xing, the Chairman of Systeo China. In the Senior Manager’s Milestone training he said:

“A common question I get from managers is, ‘why you [*sic*] press me so hard on billability?’ In order to answer this question you need to understand Systeo’s financial results.”

So if it is openly acknowledged in verbal discussion, why is billability absent from Systeo’s official literature which gives descriptions and explanations of performance management? One possibility is that such a declaration would mitigate competing claims

that performance management is a meritocratic system and a means of realising “self-empowerment”, it would tear away the illusion that employees are in full control of their performance evaluation, and thus should accept full responsibility of a poor evaluation, which in the worst instance entails being laid-off. What I have exposed in this chapter is that whilst revenue-generation is narrated as a quality which consultants can harness control of, it is, in fact, dependent on factors which are outside a consultant’s control. Namely, the availability of client projects. One partner told me that the most common reason that a consultant would have low billability is because they were recently hired by Systeo, for a position on a specific, up-coming project, which never came through i.e. that Systeo eventually did not win the contract for. Their skills may not be a great match for alternative positions and consequently they spend much of their time “on the bench” – as “idle” labour. Given the fact that interns in the consulting division understand only billable work to count as work proper, it would appear to indicate that employees are quickly exposed to, and learn, the importance of maintaining high billability. However, the afore-mentioned comment of Liu Xing, that managers frequently ask him why they are pressurised to maintain high billability, suggests that the connection to Systeo’s financial statements (as revealed by him in that comment) is not clearly or sufficiently established, for the reasons I have stated above. What I have suggested is that narration of performance management (as a meritocratic and objective system of evaluation) conflicts with the intended objective of performance management (to incentivise consultants to perform their designation as revenue-generators).

Conclusion

Real time is critically linked to subjectivity formation but as a form of market discipline not time discipline. To create self-regulating, market-oriented subjects is to create consultants who maximise the company’s shareholder value through revenue generation. Put another way, real time management encourages employees to seamlessly perform the specified corporate subjectivities of “revenue” and “cost” (which, as I explained in chapter 3 and 4, are connected to the creation of shareholder value). To manage consultants in real time is to monitor and incentivise them to continually perform revenue-generation (i.e. constantly have 100% billability). Although I have not analysed cost-generators in the same vein, it could be supposed that to manage SSC knowledge workers in real time is to, similarly, monitor and incentivise them to

continually perform cost-generation. A key part of my argument is that these subjectivities, and their ontological opposed construction, reference the desires of market actors (i.e. investors) who look for areas of a business where shareholder value can be squeezed from, either by lowering costs, or increasing revenues. It is in this way that ERP systems are linked to “the market”. This linkage is generally silenced in open discourse, but on occasion it is acknowledged. When I interviewed consulting partner, Gary Deng and started with the provocation, “Is it true that Systeo has a ‘billability culture?’” (an assertion which was first made by HCS Programme leader Melissa Johnson) he replied without hesitation “we promote billability so [that] Systeo’s share price goes up.”

ERP systems provide the technical assistance for a logic of shareholder value through the hegemonising benchmark of the temporality of finance capital which can also be described as audit temporality since it is a temporal logic which corresponds to the making visible of workers’ value. The all-encompassing reach of these systems is an attempt to bloat this temporality, to obscure the juxtaposed co-existence of other temporalities within the workplace. The temporality that “counts” is one of finance capital, which is not necessarily the same as a temporality of production. Audit temporality acquires meaning in categories like “idle”, the term used to refer to consultants who are not working on a client project. In implying that these consultants are lazy, indolent, and inactive, the term gives an inauthentic rendering of behaviour – “idle” consultants are certainly working, not on client-specific projects but on sales proposals or by taking training. In other words, consultants are “idle” only in the sense that when they are not carrying-out client work their revenue-generating abilities are deemed to be idle. Audit temporality emphasises the short-term - immediate returns to the balance sheet and spikes in share prices – but de-emphasises the longer-term investments in “human capital” which training constitutes.

Audit temporality is therefore not the same as simultaneity. The present has not been apprehended. Rather, embedded in real time devices are a politics of value which finds expression in a temporality of finance capital i.e. audit temporality. Real time devices, whether they are ERP systems or trading screens, are assemblages of a temporal logic which is laced with the priorities of short-term flows of finance capital, often at the expense of production and the long-term financial health of companies. ERP systems may be installed under a much longer temporality of production, whereby the significant

costs of installation (which run into millions of US dollars) and duration of the process can be justified under recourse to cost-savings in a projected long future. But its aim is to obliterate this temporality of production once the system “goes live” – is initiated – replacing it with a temporality aligned with the exigencies of the market. Undoubtedly, the preoccupations of the market are with the very short-term, such that even minute lags can represent arbitrage opportunities, but that is not the same as the collapsing of all temporal horizons to the present. In the case of performance management we find that billability is tracked on a month-by-month basis even though real time data is available to management. To focus on the failure of real time to realise its promise of “oneness with the present” is to mistake real time for a temporality rather than a model of economics.

The models of market-efficiency and shareholder value, which underpin the systems of real time proliferating in finance and management, are recognised by their creators to be models not accurate depictions of economic activity (Mackenzie 2006). Attempts to make these models material are always, in part, acknowledgements that they are, in the first place, models (*ibid.*). And real time can be seen as another instantiation of a broader movement to make models of economics performative (Callon 1998, Mackenzie 2006). How it does or does not succeed in this endeavour is a matter of a politics of value, not a colonising of temporality. In the era of shareholder value, *value* has become aligned with short-term spikes in share prices rather than longer term measures of productivity. This politics of value, whereby shareholder value has become *the* model of corporate governance, can be read into the material architectures and data-producing devices of organisations, such as real time devices. These socio-technical devices produce a temporality of finance capital which is unable to fully colonise production, but nevertheless is established as the temporality that counts.

Chapter 6

Financialised Subjects as Objects of Leverage

For Systeo's clients, the creation of value must come at the right moment. It must peak when the company is floated on the stock market, that is, in the initial public offering (IPO). To obtain the highest possible valuation at flotation Chinese state-owned enterprises enlist the expertise of Systeo, which responds by installing ERP systems – an IT-enabled management system that claims to transform these stalwarts of the command economy into highly efficient market-oriented machines. But whether this claim is authenticated is almost irrelevant. Just by installing ERP systems the potential valuation of the entity in question can be elevated. For the efficacy of ERP systems as a tool of value relies not on their operation but on the *representations* of value that Systeo can generate surrounding the installation of ERP systems. In short, Systeo is able to create value through *a claim* – a claim of efficiency in a long future, rather than evidence of efficiency in the past or present. Of course the articulation of this claim is not so straightforward. It is built on a repertoire of socio-technical practices of value which have been the focus of my attention thus far, explored through a detailed exposition of how value is created within Systeo. In this final chapter I round up the previous chapters to look at how these practices can be connected to the wider transformations in production engendered through market reforms in China. I contend that Systeo consultants, in their capacity as market experts, re-tool the productive capacities of their clients, not primarily to catalyse the production of value (as they claim), but to change the foundations upon which value is produced and legitimised. These are the manoeuvres of *financialisation*.

In the preceding chapters I examined how financialisation is related to the production of value for Systeo's own business of consulting. Through socio-technical means Systeo “engineers” subjects as financial objects (chapter 1), thereby setting-up the claim that value can be elicited from labour in the same manner as financial capital – it can be “extracted” in the form of shareholder value. A theory of value fuelled by representations of efficiency, shareholder value is produced by sculpting employees into depictions of financial objects, human embodiments of a “healthy” balance sheet. Employees are treated like entries to accounts, some constructed as “cost” (chapter 2)

and others constructed as “revenue” (chapter 3) in a mode of production which I have called the system of subcontracting (chapter 4) which is designed to create perpetuating loops of outsourcing, between Systeo and its clientele.¹²⁰ Powered by products of labour and capital, its workers (in offshore service centres) and its technical devices (of ERP systems), respectively, the system of subcontracting provides Systeo with multiple revenue streams, and helps to portray Systeo as the exemplary efficient organisation. That is to say, the system of subcontracting not only has material effects – the production of profit – but also discursive ones – it creates representations of efficiency which, in turn, benefit Systeo’s share price. It is precisely this combination and co-constitution of the material and discursive aspects of production that makes the system of subcontracting so complicated to understand.

It is both a distributed calculative infrastructure (Callon & Muniesa 2005) of production, and an elaborate system of representations, which *together* produce social reality. I would argue that shareholder value *operates* as a theory of representations, whereby certain representations – the “healthy” balance sheet – have agency. If these representations can be crafted, value will ensue. The system of subcontracting both produces these representations and the structure of ethics that invests these representations with agency. As a result we find out that shareholder value is not just a “fiction of finance” (Maurer 2006a) but also a “self-actualising fiction” (Poovey 1998: 58). The latter is a term used by Mary Poovey in her book *A History of the Modern Fact*, to describe the seeming paradox that conventions of financial representation are also ethical structures which impel action. She argues that “‘the personal-moral metaphors’ of accounting tended to realise what they purported to describe – by encouraging the company’s agents to act as responsibly as the books represented them as being”(ibid.).¹²¹ She goes on to say that, “the fictions essential to the double-entry [bookkeeping] system also tended to discipline any agent who wrote in the books, enhancing the merchant’s

¹²⁰ Mary Poovey puts forward an argument which can be seen as the complement to my argument that employees are constructed as entries to accounts. In a fascinating historical account of double-entry book-keeping, she shows how the writing of a transaction first as a credit and a debit, led to the *personification* of aspects of the business devoid of human agency for e.g. “Stock”, “Money”, “Profit and Loss” (Poovey 1998: 57).

¹²¹ Of interest to the ethnographic context which I examine, is Poovey’s discovery that double-entry book-keeping was an accounting system used to demonstrate honesty (as opposed to rhetoric) – the numbers in the books revealed “the facts”. The central role of the balance sheet, which is constructed through techniques of double-entry bookkeeping, in “producing” value should be seen in connection with Poovey’s point.

credibility and the reliability of his books” (emphasis added, Poovey 1998: 59). The same manoeuvres of ethics are applicable in the case of shareholder value – here the balance sheet is used as disciplinary tool, which, in turn, buttresses the reputation of consultants. What Poovey shows is that techniques of representation are not used to reflect an external reality, but rather to actively produce a structure of ethics which comprise the “content” of these techniques. Similarly, the system of subcontracting can be seen, in its totality, as a grand performance of an ethic – the duty to create shareholder value. At the same time it is the stable socio-technical apparatus of this very ethic which enables its replication and proliferation.

Systeo is able to produce profit for itself by tethering an ethic to its clients, which is narrated as both a product of science and a structuring value of capitalism (chapter 3) and expressed in the specific material arrangements which clients procure – the installation of ERP systems (chapter 5). This is the *output of consulting*. What we have is an assemblage of socio-technical practices which have as their objective the production of value for Systeo, and which generate further value through commodification. Transposed into a standardised machinery of management, Systeo’s internal managerial practices can be sold, in the form of “consulting”, to its clients. And when the client list includes the largest state-owned enterprises in China, which are also some of the largest companies in the world, we can see that the scope of these practices is far from insignificant.

Systeo is playing a significant hand in the restructuring of China’s economy under principles of “financialisation”.¹²² A term which I use to describe the construction of the subject as a financial object, financialisation is also a term deployed by social scientists to describe more generalised changes to global chains of production. Notably it has attracted considerably less attention than terms with which it is often associated or has replaced – “neoliberalism” and “globalisation” – a point made by Gerald A. Epstein in the introduction to *Financialisation and the World Economy* (Epstein 2005: 3). Indeed, financialisation is a relative newcomer to debates on what can broadly be termed the post-Fordist world (Massey et al 1992, Harvey 1989), and there is no established consensus as to what, exactly, financialisation refers to. Epstein defines the term broadly as “the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of the domestic and international economies”

¹²² As it has done in all other major economies in the world.

(Epstein 2005: 3), whilst New School economist, William Milberg, defines financialisation as “globalised production for the flow of funds” (2008:421), specifically, the phenomenon that “non-financial firms have increasingly used finance rather than production as both a source and use of their funds” (2008:422). Other authors from the disciplines of sociology and political economy have defined it more narrowly still, as the ascendancy of shareholder value as *the* ideology of corporate governance in late capitalism (Lazonick & O’Sullivan 2000, Williams 2000, Boyer 2000), specifying the role that management consultancies have played in the spread of this management *rhetoric* (Froud et al 2000), notably through “value-based management”. This is a type of management which is defined by the ultimate objective of creating shareholder value. As we saw in chapter 3, it forms the mainstay of Systeo’s training for consultants, its revenue-generators. It also informs the design of ERP systems which Systeo installs in its clients.

What we find is that the existing literature on financialisation mobilises definitions which adequately describe the *effects* of financialisation – the increasing financial emphasis in management and thus production – and which articulate the macro-level process of financialisation, more than they explain how financialisation is actually enacted. In other words what is established is that financialisation, regardless of the specificities of definition, *is happening*. What is less clear is by what mechanisms of effect and diffusion i.e. *how* is “it” happening?

Perhaps a reflection of their more macro-oriented disciplinary traditions, these authors have paid scant attention to ground-level practices and instantiations of financialisation, a lacuna which has not been filled by anthropologists who, instead, have channelled their energies into bottom-up analyses of *neoliberalism*, often as a trope of Foucauldian governmentality (for example Ong 2006, Ong & Collier 2005, Hoffman 2006, Shore & Wright 1999, Ferguson & Gupta 2005, Comaroff & Comaroff 2001). Stephan Collier, Lisa Hoffman and Monica DeHart make the point that much of the anthropology concerning neoliberalism, in fact, focuses “on specific effects of, and resistances to, neoliberalism, not on the phenomenon itself” (Collier et al. 2006: 9) and that “there have been very few steps made toward an anthropology *of* neoliberalism, that is, an anthropology in which the very definition of neoliberalism is put in question and made an object of investigation” (*ibid.*). Instead the focus in anthropology, as in the macro-level descriptions of financialisation, is on “effects”, rather than the patterning of effects. Consequently it is often difficult to pin down “neoliberalism” in any coherent

manner. “Is China Becoming Neoliberal?”, Donald Nonini (2008) asks.¹²³ The lack of analytical consistency prevents any meaningful response to this question, he concludes (*ibid.*). Instead, what seems to define neoliberalism in anthropological analyses is the predominance of the phenomenon of “the market”: market ideology, market cultures, market-oriented subjectivities, market-led restructuring and so on.¹²⁴ That is to say, the proliferation of cultural forms and social practices associated with the functioning of a market economy is taken as (evidence of) neoliberalism. But I would argue, in a subtle modification of Collier et al, that the underlying logic of production of this new “market” era, “neoliberalism”, is not apparent.¹²⁵

It is here that I call for an alternative approach, the anthropology of financialisation, which falls into the inter-disciplinary cracks formed between the sociology and political economy of financialisation on one side, and the neoliberal concern in anthropology on the other. Specifically, an understanding as to how financialisation is manifest in the practices, and not just the representations, which enact it. In this endeavour I will show in this chapter how an old chestnut of anthropology, value, can be more instructive to understanding what exactly undergirds this “new” economic paradigm than an approach which focuses on the “exotic” peculiarities which pertains to the “new economy”. That is to say, the object in question is not a new cultural formation of the post-Fordist world. For financialisation, in any of its definitions, does not simply refer to finance, as an entity. In other words, what I am proposing here is not an anthropology of contemporary finance, which is, in any case, already alive and kicking (for example Zaloom 2006, Maurer 2005, Maurer 2006b, Riles 2004, Miyazaki 2003, Lee & LiPuma 2004, Ho 2009), but rather I consider an anthropology of financialisation to be primarily concerned with how the world we live in is becoming increasingly structured *by the imperatives of finance capital* to produce effects which are commonly invoked as deriving from, or evidence of, neoliberalism. And not just the effects at the margins (Roitman 2005, Tsing 2000, Tsing 2005) but also the

¹²³ Nonini points to the proliferation of work in the anthropology of China which assert the prevalence of neoliberal processes of restructuring, neoliberal capitalism and more generally, the dominance of neoliberalism in China, for e.g. Anagnost 2004, Rofel 2006, Yan 2003.

¹²⁴ But usually without a definition of what “the market” is or refers to.

¹²⁵ John Gledhill’s approach – looking at the processes of neoliberalisation rather than a static view of neoliberalism as a cultural formation – can be seen as a step towards the deconstitution of neoliberalism (Collier et al. 2006) but which nevertheless falls short of unpacking the logics which belie the very processes which he takes as “neoliberal” such as “audit culture” and individual empowerment (Gledhill 2004).

machinations at the centre (Ho 2009) – the latter particularly neglected in the distribution of anthropological attention (*ibid.*).¹²⁶

My own approach to financialisation – which places analysis at the level of the subject – is one possible way to gain insight into how the overarching processes, described by sociologists and (political) economists as financialisation, come into being. Implicitly I ask the question: if we assume that large-scale economic transformations are not the result of inexorable forces, then how can we account for their occurrence? To give an example: if, as Julie Froud and her co-authors argue, “value-based management” is a critical part of a process of financialisation (Froud et al 2000), what are the specific socio-technical arrangements and practices which connect the everyday praxis of this management with the increasing dominance of financial indicators? To put it succinctly, if what is being suggested is a radical overhaul of management, then how exactly has this overhaul been accomplished?

And radical it certainly is. The shift from a Fordist regime of accumulation to what Robert Boyer terms a “finance-led growth regime” (Boyer 2000) is, I would argue, marked by a concomitant shift in management from a set of techniques categorised as Taylorism to financialisation. In broad brushstrokes the change can be described as follows. Under Taylorism the factory worker is conceived as a unit of production, no different from cogs in the machinery he operates, measured by the same scales as productive capital – industrial output. Efficiency, as famously demonstrated in “time and motion studies” is defined as the maximal ramping-up of industrial output in a set period of time. Under financialisation the worker is conceived as a unit of productive *potential*, no different from the shares to which he is in service, measured by the same scales as financial capital – share prices. Efficiency is defined as *whatever leads to* short-term increase in share prices of the company (Ho 2009: 163). What is not apparent in this short summary of comparisons, but which becomes evident through the ethnography mobilised in this thesis, is that the differences between Taylorism and financialisation are most pronounced in the value relations between workers and production. As units of production (productive capital), all factory workers are bestowed with the capability of producing value, some more than others, but they all create value nonetheless. Whilst as units of productive potential (financial capital),

¹²⁶ The content of which often overlaps with the established field of the anthropology of finance.

financialised subjects are not all bestowed with value creating capabilities. As we saw in chapters 2, 3, and 4, some workers are inscribed with productive potential – they can create value – whilst others are defined by their lack of productive value and conversely *destroy* value. As William Lazonick puts it, “the financialised corporation is one in which the abilities and incentives of business executives who exercise allocative control lead them to view the corporation as a financial asset from which *value can be extracted* rather than as a productive asset through which *value can be created*” (emphasis added, Lazonick 2010: 24).

This critical difference in value relations signals a historical shift in capitalism: “financialisation” engenders a radically different mode of production and system of management than its predecessor, with, what I argue to be, an altogether different theory of value – a theory of shareholder value. In contrast, Lazonick and O’Sullivan (2000) and Froud et al (2000) claim that financialisation is informed by a different *ideology* of value, that is, shareholder value, once again. But by terming shareholder value an ideology they de-emphasise the very real effects engendered in the production of shareholder value as an *ethic* of capitalism (Ho 2009). In other words, to unveil shareholder value as an ethic does not suffice, we need to understand how the making of this self-actualising fiction can have productive and destructive effects. What are the actions taken to produce this ethic, and at what cost? To answer this question I will draw together the socio-technical practices of financialisation which I have described over the preceding chapters, in an analysis of the underlying theory of value which underpins financialisation. It is a theory which allows for the productivity of debt and which is borne, quite literally, by human subjects. It is known in Systeo as “leverage”.

Leveraging value

In Systeo the term “shareholder value” is almost completely expunged from the discursive record; more common are references to “value” in written discourse (see chapter 1) and spoken narratives (see chapter 3) which play on the semiotic ambiguity of the term. Consultants are encouraged to have a “shareholder mindset” and are trained to create value i.e. “add-value”, but the use of the term “shareholder value”, as a part of open discourse, is conspicuously rare. This does not foreclose the possibility of implicit reference. How my research subjects did talk about shareholder value was through a term which referred to its *creation* – “leverage”. Used frequently but never translated into

Chinese, whether the interlocutor was speaking in English or Chinese, “leverage” was, in contrast to shareholder value, ubiquitous. Whether my research subjects were aware that they were referring to shareholder value when using this term is debatable, indeed, it took several months of coding and analysing my fieldnotes to decipher the actual referent of this term. It was used most often as a verb, as I discovered soon after entering Systeo when explicit efforts to “leverage” me were articulated by Dalian-based knowledge workers.

“Kimberly, we in Finance want to *leverage* you as much as possible...can you give some more Oral English classes?” (emphasis added)

Sammi Peng, Finance Operations

“Please pass the training materials we have on the business writing and discuss what the most effective training approach is if [we] *leverage* some of Kimberly’s time.” (emphasis added)

(Email from) Rachel Tang, HR Operations

I initially interpreted leverage as a benign-sounding approximation to “exploit”¹²⁷ – how Systeo could maximise the output of my labour. The longer I spent in Systeo the more and more nuanced this interpretation became but my first instincts did not betray me.

Leverage was not a term reserved for me, and the particularities of my relationship to Systeo as an unpaid “worker”, but was applied across the organisation. Moreover, leverage was not only a term applied to people but also objects. Managers frequently referred to the leveraging of “materials”, information which they could borrow for their own uses for e.g. powerpoint presentations which they could cut and paste from to construct their own presentations, whether for client sales pitches or internal training.¹²⁸ This application of leverage to objects belied the more common usage of the term – the leveraging of financial capital. In the ethnography that follows we will see that leverage refers to the creation of value under a particular configuration

¹²⁷ In the Oxford English Dictionary *exploit* is defined as “1) make full use of and derive from (a resource); 2) make use of a situation in a way considered unfair or underhand”. <http://oxforddictionaries.com/definition/exploit> last accessed 4th August 2011.

¹²⁸ In Chapter 1 we saw the term “leverage” used in connection to the amorphous objective of “flexibility”. In the HCS Program, HCS leader Melissa Thompson entitles one of her slides: “Further leverage the positive impact of flexibility to attract and retain the right people.”

of financial capital. As just one example of the broader shift to using physical metaphors to conceptualise economics (Bronk 2009), leverage, as the name suggests, draws on the metaphor of the lever and the principle of moments to help explain **how value can be increased without increasing capital stake**. Metaphorically speaking, with a longer lever more value can be created without increasing “effort”/assets. As Gillian Tett says in her book, *Fool’s Gold*, “[leverage] refers to the process of using investment techniques to magnify the force or direction of a market trend dramatically” (Tett 2009:35). One way of enacting leverage is through debt, an operation which became infamous through the leveraged buyout (LBO).

Arguably the practice of the 1980s takeover movement in the US, the LBO involves borrowing large quantities of money for the sole purpose of gaining control over a target company – buying a company through debt. The LBO features in Karen Ho’s book, *Liquidated*, to illustrate how practices of leverage are related to the spread of shareholder value as a structuring value of capitalism. What is absent from Ho’s analysis is the re-apprehension of debt that was necessary for this central practice of finance capitalism to take off. As Martha Poon and Robert Wosnitzer note in their recent review of *Liquidated*, the LBO engendered a semiotic transformation of debt which rested on the association of debt with value. As they put it, “harnessed to value, debt was good” (Poon and Wosnitzer forthcoming) and they repeat Janet Roitman’s call “to consider the ways that debt is plenitude and not simply lack” (Roitman 2005: 73). Debt is no longer a liability but a type of asset class, distinguished from “hard” assets – i.e. assets proper – in the schema of leverage but an asset nonetheless because it produces value.

But what Ho has done, with painstaking ethnographic detail, is isolate the ethnographic moment of transformation, the particular crossings of corporate practice, financial regulation and market values that have led to a wholesale change in corporate governance in the US and which made debt productive. If one were to level a serious criticism of her account it would be that it fails to locate the conceptual manoeuvres by which this transformation of debt is realised. Her assertion that LBOs are seen as a means of disciplining through debt comes close to suggesting a new *means* of formulating value. She says that LBOs are justified as “the ‘trimming of fat’, the disciplining of labour, and the efficiency of spending that comes with the burden of paying off debt” (Ho 2009: 145), but a wholesale *theory* of value which informs this new definition of efficiency is left untouched. I take her ethnographic contribution as a point

of departure for this final chapter where I will attempt to delineate a theory of shareholder value – a theory of value defined by the overarching objective of achieving increasing share prices – that is crucial to this reinscription of debt. The coordinates of this theory, however, are not only conceptual but also worked out through praxis. Specifically, praxis upon the subject, human and technological.

Systeo is part of a long chain of production of financial value (Poon and Wosnitzer forthcoming) which is more commonly associated with investment banks but which is also enacted by consultancies. Along this chain the means of value production – the ways in which debt is made productive – change from the careful navigation of capital flows (capital restructuring) to the active shaping of labour to *resemble* capital (labour restructuring), a movement which can be characterised as the shift from debt *per se* to the reforging of labour in the mould of debt. For leverage is enacted through labour, but crucially *only labour that has been financialised* – labour which is constructed as a financial object, specifically, financial capital. In chapter 1 I showed how the process of financialisation which consultancies impose is realised through the human subject: by remaking labour as a financial object – human capital – the subject reinscribed as a progenitor of financial value. It is only by constructing consultants as financial objects that their capacity to create shareholder return is made; it is through financialisation that subjects mediate the spread of shareholder value discourse. They are what I have termed “financialised subjects”.

Whilst my aim in chapter 1 was to reveal the socio-technical foundation of management techniques – what is couched as “corporate culture” – and their financialising objectives, in this chapter my focus is on how financialised subjects are “activated” through leverage. In other words, it is through leverage that the value of financialised subjects can be captured. Furthermore, I will seek to demonstrate that human subjects are financialised *for the purposes of* leverage. Treated like financial capital, they become amenable to operations of value production which approximate the LBO, designed to multiply the value of capital without increasing capital stake (assets). These are (some of) the vital components of a theory of value which informs financialisation, which I will argue can be read through instantiations of leverage in Systeo. I have identified three variants or main “mechanisms” of leverage, that is, three ways that (shareholder) value can be increased without increasing capital (assets) in Systeo. These comprise a typology of leverage:

1. By employing people who are “not assets” (“costs”)
2. By improving the productive potential of workers who are deemed to be “assets”.
3. By deploying workers who will submit their labour for free or for a nominal wage.

The third variant refers, in part, to my own experience of leverage. Indeed, it was by allowing myself to be leveraged that I was able to widen my access within Systeo: by working unpaid as an English trainer in the Dalian offshore service centre and as a pseudo-consultant to the HCS Program. But like interns who gain access to Systeo for minimal pay,¹²⁹ there were limits to my access under such conditions – I couldn’t go on being leveraged “for free” without my motives being questioned. This became clear to me on a rare visit to Systeo’s Hong Kong office. One of the partners there, Janice Chua, was outraged to hear that I was working unpaid for the HCS Program. Speaking to me in English but then switching to Cantonese to relay the news to HR manager Carrie Fung she exclaimed, “Why is [Kimberly] so stupid?!”. I burst into laughter. The two of them turned to me with horrified faces. Carrie asked, “you understand Cantonese Kimberly?!”. “I can understand it but I can’t speak it well”, I replied in Cantonese. We all laughed and then Janice got to work, scheming a way for me to become a Systeo contractor.

Janice and I first met in an initiative of Systeo’s corporate social responsibility (CSR) – a 100km bike ride to raise money for victims of the Sichuan Earthquake which had occurred earlier that year. Over the dirt tracks of Sichuan province I got the chance to tell Janice about my research, specifically, my desire to create a piece of collaborative research with Systeo in the field of performance management (chapter 4). She was eager to help, offering advice as to how to approach partners, in particular, how to persuade them that my research would “add-value”. I put her advice to good use, successfully negotiating with partners for access to their project teams and client sites for my research (detailed in chapters 4 and 5). But when it came to other domains of

¹²⁹ In the Beijing consulting office “local” interns, that is, those from mainland China, were paid RMB100 (£10) a day. I was unable to find out how much local interns employed in the Dalian SSC were paid, but given that the starting salary for a permanent employee in Dalian is only RMB2500-3000 (£250-300) a month there is reason to believe that it is less than RMB100 a day.

research, such as participant-observation, I failed, in Janet's eyes, to heed her lessons in value. In short, my working for free (my primary form of participant-observation) went against the principles of value that Janice tried to teach me in my "pitches" to partners. For Janice, I was "stupid" because by agreeing to exchange access for labour I had failed to "capture" the value of my productivity. Instead, I had, in her eyes, allowed Systeo unfettered claim to my value. Her suggestion and detailed advice as to how to become a contractor of Systeo was, in fact, a strategy to reclaim this productivity by re-categorising me as a temporary employee of the company.

Janice's puzzlement revolved around the policing of my own productive potential – who could and who could not legitimately lay claim to my value. In chapter 4 I argue that "value-adding" is a quality of persons, specifically, revenue-generators, who are those inscribed with the productive potential to create value. In this final chapter I refine that argument to contend that this inscription is more specifically the ability to claim their productivity, that is, have their productivity explicitly acknowledged by Systeo, namely through the wage relation. Hence revenue-generating consultants are rewarded in line with their revenue-generating capacity, as we saw in chapter 5. Whilst, in contrast, the ability of cost-generators to claim their productivity is disqualified – deemed instead to "produce cost", they are, therefore, denied the fruits of their productivity – they are not paid by performance. But what was I? Strictly speaking, neither a cost-generator nor a revenue-generator. But by working for free, I was in many ways the "perfect" cost-generator, a point I made in chapter 4. I too had my productivity explicitly denied but covertly claimed by Systeo. So how come I was "stupid" but not Systeo's army of offshore knowledge workers who Janice does not mention? That is to say, how does the leveraging of the anthropologist differ from Systeo's leveraging of their workforce through the system of subcontracting? It is my contention that the claiming of value, through the wage relation, is based on the *legitimacy* of value production.

Here I draw on Brett Christophers' recent article, "Making Finance Productive" (2011) in which he shows that finance, until very recently, was *not productive*. It is by moving the boundary of productivity – what counts as output in the national accounts – that finance is made productive, thereby safeguarding the existence of the financial services sector and the rhetoric that "its underlying economic contribution – notwithstanding periodic crises – is beyond dispute" (Christophers 2011: 113). In a fascinating account of how the finance sector, in particular in the UK, was able to

reclassify its main activities as productive (of output), Christophers defines value solely as industrial output as it was under Fordism. The definition of value mobilised by the finance sector itself – share prices – is absent.¹³⁰ This “gap” in value can be seen as lying between what the finance sector claims as value to their clients, and thus the wider economy, and what the finance sector articulates as value in their political claim for immunity. A gap which has even been noted by one of the most senior figures in finance, Paul Volcker, the former Chairman of the Federal Reserve. At a Wall Street Journal conference in 2009 he said, “I wish someone would give me one shred of neutral evidence that financial innovation has led to economic growth”.¹³¹ In short, finance claims to produce value in the form of rising share prices (Ho 2009), but this value is transformed into output, that is GDP, in its claims of economic vitality (which underwrite state interventions for e.g. bailouts and the guaranteeing of deposits) which make the finance sector “politically untouchable” (Christophers 2011: 113).

Christophers writes mostly about the UK, but in connection to broader changes in accounting practices which extend across the globe. Of relevance to the context which I write about is his references to the work of Shaikh and Tonak (1994) who show that “excluding finance [from calculations of output] was precisely the approach of the material product national accounting system used in the Eastern Bloc, the former Soviet Union and, *until 1993, China*” (emphasis added, in Christophers 2011: 121). Strikingly, 1993 also marks the start of China’s second phase of market reforms, which proceeded after Deng Xiao Ping’s tour of the special economic zones in the southern provinces, in 1992. This phase instituted much more aggressive and radical economic restructuring than the initial phase which began in 1979, and included the privatisation and corporatisation of state-owned enterprises (Naughton 2006). With the adoption of Company Law in 1994 the largest Chinese state-owned enterprises became corporations, their stock listed on the Shanghai stock exchange with the Chinese state as the majority shareholder (*ibid.*). In short, the shift away from excluding finance coincided with the shift towards corporatisation. Put another way, we find that finance becomes productive at the very moment that the corporate form becomes dominant. To add to the intrigue we find that it is also at this time that Systeo sets-up shop in

¹³⁰ Also, in the financial media “value” is commonly invoked as isomorphic to share prices.

¹³¹ Quoted in a recent article by financial journalist Chrystia Freeman (an editor for Reuters) in The Atlantic magazine, see <http://www.theatlantic.com/magazine/archive/2011/01/the-rise-of-the-new-global-elite/8343/> last accessed 19 December 2011.

China – it opened its first office in Shanghai in 1993, closely followed by its Beijing office in 1994. That is to say, we find that transformations in economic value and corporate governance coincide with Systeo’s entry into the Chinese market.

Of course, Systeo was not alone in the field of professional services in advising (and arming with tools of value) newly privatising and corporatising China, but this historical conjuncture does beg the question of: how is the management practised and disseminated by Systeo related to the change in the definition of productivity in China? Here I look to the boundary practices within Systeo to provide some potential answers.

What counts as value in Systeo and by extension who counts as a creator of value is dependent on where the boundary of productiveness is placed. Just as the “productivity boundary” demarcates the sanctity of the finance sector in the UK, it demarcates the valorisation of revenue-generators and the subordination of cost-generators in Systeo. That is, the boundary circumscribes the system of subcontracting as a legitimate mode of value production. Moreover, in the long-term it is the only legitimate mode of value production. In the language of the typology of leverage, only mechanisms (1) and (2), the critical struts of the system of subcontracting, are enduring *legitimate* modes of value production, whilst mechanism (3) is only a legitimate mode of value production in the short-term. Any suggestion of enduring leverage under this mechanism is posited as *illegitimate*. Or to use Janice’s term, “stupid”.

In short, the system of subcontracting – the contemporaneous “engineering” of cost-generators (people who “destroy” value) and revenue-generators (people who “create” value), and the minimising of the purported value destructive potentials of the former in tandem with the maximising of the value productive potentials of the latter – is the legitimate means of eliciting value from subjects, as a workforce, in Systeo. The use of free/nominally paid labour such as the in-house anthropologist is only temporarily tenable.

The legitimacy of mechanisms 1 and 2 is intimately connected to the financialised subject. In the long-term only financialised subjects can be legitimately leveraged; subjects who are not financialised are, instead, “exploited” and labelled as “stupid”. As I mentioned earlier, my gut instinct when I first heard the term “leverage” was that this was a synonym for “exploit”, or at the least an alternative referent for exploitation. But it was through my own financialisation that it became apparent that the conceptual definition of “leverage” only referred to exploitation if the subject was not financialised. In other words, the crux of Janice’s grievance with me working “for free”

(mechanism 3) was based upon the fact that I was not financialised labour. Hence, her solution to the problem focused on changing my status from an anthropologist to an official Systeo contractor, rather than on obtaining a just remuneration. In spite of my unique “skill set” conferred by my previous corporate work experience which included stints at a “Big Four”¹³² accounting firm, and an insurance brokerage in the City, I was paid the same as foreign interns who had just graduated with no work experience – RMB 200 (£20) a day. What mattered was not whether I had fully captured the value of my own productivity, but whether I had submitted myself to financialisation – in this way I could be legitimately leveraged. And I would no longer be “stupid”.

By allowing myself to be illegitimately leveraged I was not acknowledging the value of my own labour, but instead allowing another party, Systeo, to lay siege to it. Of course, my positionality as an anthropologist studying Systeo was not governed by recourse to value but to access. But what I had not considered was my own relation to the regime of value that operates in this context. Like my research subjects I had to be financialised - this is the only legitimate mode of being in Systeo in the long-term. I had to become either a cost-generator or a revenue-generator. If I had refused to submit to financialisation I have no doubt that my motives would have been continually questioned, most likely couched in a logic of leverage, as was the case in Janice’s articulation. For, as I have argued in chapter 1, financialisation circumscribes the conditions of possibility of the subject, that is, the subject’s ontology in Systeo. The ambiguity that surrounded my position in Systeo prior to becoming an official contractor, that is, prior to my submission to financialisation, suggests that financialisation is the only legitimate ontology.¹³³ So with Janice’s initial advice combined with the help of Christina Teoh, my primary gatekeeper in Systeo, I became a contractor in Systeo’s corporate social responsibility (CSR) division, a job that involved, amongst other things, planning the charity bike ride for the following year. The job itself said less about the system of management in Systeo than my journey to the job. It was by being un-financialised that I was able to learn just how critical financialisation is to the

¹³² These are the four largest professional services firms, which specialise in accountancy and financial services: PricewaterhouseCoopers, Deloitte Touche Tohmatsu, Ernst & Young and KPMG.

¹³³ See “Fieldwork methods” in Introduction for more details concerning my positionality in Systeo.

operations of leverage that Systeo imposes on its own employees and which it propagates (as a logic) amongst its clientele.

Notably I was encouraged to “sell” myself by recourse to “add-value” even though the positions being lined up for me by Janice and Christina were of the “cost” variety. In other words, even for jobs of “cost” you have to portray yourself as a person who creates value, i.e. as a revenue-generator, although this value is deleted from the record on employment. The proliferation of the “add-value” mantra shows that it is applicable to *all* workers. This seeming contradiction can be unpacked through an examination of production via leverage.

Metaphors often hide more than they reveal (Bronk 2009). As we will see, the physics of levers proves an inadequate framework for understanding the mechanics of leverage. Most notably because what is being created – value – is not consistent nor precisely locatable. Rather, the two mechanisms of leverage that require the financialising of the subject entail multiple conceptions and operations of value. Whilst mechanism (2) rests on the acknowledgement of productive potential, mechanism (1) rests on the denial of productive potential, and these mechanisms broadly correspond to the eliciting of value from revenue-generators and cost-generators, respectively. In other words, the value productive potential of revenue-generators is explicitly narrated and nurtured whilst the value productive potential of cost-generators is consistently denied in official narratives. But this is not to say that cost-generators do not actually produce value. Indeed, if they produced no value at all it would be hard to conceive of why they would be employed, or should I say, constructed, at all. It is precisely because they *do* produce value that counts as productive, i.e. output, but are not counted as “assets”, that outsourcing, and not consulting, is on the rise. But crucially, this value is not legitimised in the wage relation, indeed, it is inverted: cost-generators are measured/evaluated not by output but by their “seat charge” – the overheads of their labour. In contrast the value produced by revenue-generators – shareholder value – is claimed and they are “paid by performance”.

Like the manipulations of the productivity boundary described by Christophers in relation to finance, there is a politics of value at play in the crafting of production in Systeo. Not only about who can create value but also about what value is – output or share prices. Leverage engenders a set of contradictions of value precariously held in place by conceptual ambiguity or conceptual lability (Guyer n.d.), and hidden under obfuscatory layers of “culture” (chapter 1). These contradictions unravel in moments of

systemic failure – when the agency of the network is threatened – and which appear, ethnographically, as cracks in (the operation of) the system of subcontracting.

In the section that follows I undertake a broad elaboration of my ethnography as one of legitimate leverage where I pay special attention to these moments of unravelling, such as when workers transgress the boundaries of their productive designation, and when leverage becomes decoupled from financialisation. What we find is that in Systeo, where leverage is imposed through the subject, leverage is brought into focus when financialisation breaks down in some way. By not being financialised I learnt that only financialised subjects can be leveraged, similarly, it is when workers transgress or impinge upon the normal state of operation, of the system of subcontracting, that a theory of value can be most clearly discerned. The argument I propose is that whilst leverage can be read ethnographically as a set of actions, imposed through subjects who are financialised, it operates as a theory of value i.e. it explains how (and by whom) value is created (and destroyed). Put differently, instantiations of leverage on the subject are not just ethnographic observations which point to an underlying pattern or logic of operation, but rather these instantiations can be seen as constituent parts of a theory of value which is not merely descriptive but intervenes in the (constitution) of the very things it describes. Leverage is a theory of value which is performative (Callon 1998).

Returning to Human Capital

The starting point of this section is the system of subcontracting, specifically, how it can be considered as an assemblage of leverage: multiple mechanisms of leverage which operate in concert, and which comprise an array of socio-technical practices. Having established in the preceding chapters how the operations of value, which underpin the system of subcontracting, are inextricably linked to Systeo's primary management device of ERP systems, here I will connect the system of subcontracting, as a socio-technical apparatus, to the conceptual foundations of financialisation. I will revisit the Human Capital Strategy (HCS) Program which I first discussed in chapter 1, to show how financialisation informs Systeo's own mode of production and also the mode of production which Systeo sells, through its mediatory role of "market experts", to Chinese state-owned enterprises.

First of all let me make explicit how the system of subcontracting enacts leverage. The most crucial part of leverage is the multiplication of a market trend (Tett

2009). Just as a lever multiplies force, leverage multiplies value. What is being multiplied in the system of subcontracting is the value-creating capacity of “assets”, assets being consultants. This is achieved through outsourcing; not by changing the ontological status of consultants – their productive capacities – but by changing the representations of consultants – making them into revenue-generators. Put another way, outsourcing is not a means of making consultants more productive, but a means of representing them as more productive. The particular form that outsourcing takes, which I describe in chapters 2 and 4 using the term “hollowing-out”, is critical to this change in representations. Consultants are leveraged by hollowing-out their costs, which are funnelled instead to the “back-office”. In this way they can be made more “efficient” and thus seemingly more productive of value. The socio-technical practices of “cost” and “revenue” are designed to bolster the balance sheet, for these distinctions work in opposite and complementary directions: to suppress the wage demands of those labelled “cost” (i.e. reduce costs) and incentivise those of “revenue” to concentrate their energies in activities which exert a positive hit on the balance sheet (i.e. increase revenues). In summary, the system of subcontracting is a socio-technical system in which people are “engineered” for the purposes of balance sheet aesthetics – the primary driver of shareholder value.¹³⁴

To ramp-up the degree of leverage, that is the multiplier effect, Systeo has rapidly expanded its internal outsourcing operations. Almost 60% of Systeo’s workforce are not consultants but knowledge workers employed in its OSCs and SSCs which include my fieldsite in Dalian.¹³⁵ Furthermore the number of knowledge workers employed in outsourcing by Systeo continues to grow each year.¹³⁶ At the time of my departure there were, in addition, tentative plans to set-up a specialist service centre to which a core component of consulting, the writing of sales proposals, could be outsourced. This was told to me by Christina Teoh, who you will remember is the director of the Dalian offshore service centre and the key architect of Systeo’s East

¹³⁴ Like the LBO, the system of subcontracting places analytical primacy on the balance sheet.

¹³⁵ Figure accurate in 2008.

¹³⁶ In addition to employees of internal outsourcing, is the even larger Systeo workforce employed in external outsourcing – work outsourced from Systeo’s clients. As I argued in chapter 4, the content of this work is that which is categorised as “back-office” – usually so-called support functions of HR and Finance (what is known in the industry as BPO) and the building and maintenance of ERP systems (what is known in the industry as ITO).

Asian outsourcing operations. She said that the bulk of proposal construction – the main structure of the powerpoint “decks” which are submitted to clients – could be done by workers “off-site”, leaving only “the final touches” to consultants. From my own participation I knew that Christina’s proposition was not as simple as her description suggested. In order for any part of proposal work to be outsourced fundamental changes to the work process would have to be made. As it stands proposal writing is a master act of soft capitalism (Thrift 2005), a product of the increasing exchange between business and the academe which has led to the re-inscription of the business organisation as a cultural entity (Thrift 2005: 34). It requires considerable skill and feats of creativity, features which would appear to disqualify it from outsourcing. Moreover, any attempt to make proposal-writing amenable to outsourcing would seem to up-end the very foundations upon which the business of consulting could claim the creation of value.

Earlier in the year I participated in the “Business Development” – the Systeo term for proposal writing – of one particular sales proposal. Systeo was pitching its “change management” services – management expertise which it claims will smooth the transition from one management team to another – to a European company who had recently taken over a small Chinese player in its industry. The team consisted of a partner from Hong Kong, a senior manager from the US, and a junior consultant from China. Together, they embodied the cross-cultural expertise they were selling. As a British-Chinese anthropologist, the senior manager thought I was the ideal complement to the existing multicultural crew and brought me in, as “free” labour, to work on what he called a “cross-cultural merger”. Most of the research work was done by the junior consultant, Valerie Fu, who trawled through Systeo’s intranet looking for content with which she could construct the proposal. Her resources included a manual called “The Playbook” which contains all of Systeo’s “tried and tested” management techniques and jargon assembled into formalised business models, including a model of corporate culture which she puzzled over for two days.¹³⁷ Also available to Valerie was an

¹³⁷ This model comprised quotes from Edward Schein, described in Systeo-authored material as the “grandfather of organisational culture”. A definition of corporate culture is created from Schein’s concept of organisational culture. Quoting from his book, *Organisational culture and Leadership*, the Systeo material describes corporate culture as “...a basic set of assumptions that defines for us what we pay attention to, what things mean, and how to react emotionally to what is going on, **and what actions to take in various kinds of situations** (...) it is neither innate nor purely driven by strategy, rather culture is **learned and therefore can be changed**”

exhaustive database of old sales proposals – existing material from which she could borrow or customise to fit. It would appear that these online resources lend this process to outsourcing. Accessed remotely, the painstaking work of online research could be done in the “back-office” by cost-generators. But when Valerie presented a rough draft of the proposal to her superiors it became apparent that the rhetorical work of consulting – “the final touches” – could not be so easily separated from the labour-intensive work of knowledge recycling, as Christina’s proposition would suggest.

Valerie was admonished for wasting time on what the partner saw as an unnecessary preoccupation with accuracy. Instead the partner told her repeatedly to “just make it up.” Rather than researching “culture” in the Systeo intranet (as she had done), Valerie was instructed to create the narrative of the proposal and then cherry-pick material that supported it. What was important was not the integrity of a proposal’s content but the rhetorical effects which could be generated from the content. This was pointed out to me when I failed, like Valerie, to grasp the principles of proposal construction. Offering basic insights from the anthropology of China to buttress Systeo’s “cross-cultural” credentials, I mentioned to Valerie the on-going importance of social connections/*guanxi* in Chinese business affairs, which she reformatted into an “observation of cultural difference [between Chinese and European business practices]”. The partner released a cackle of morbid laughter when he saw what I had contributed, “I will be the laughing stock if we have *guanxi* in there – it’s not the 1990s!!”, he retorted. My input was rebuffed not for being incorrect but for lacking the requisite rhetorical buzz of the “cutting-edge” and the “latest” innovation needed to win pitches. I had failed to realise that the creation of a spectacle is not just part of the pitch – it forms the vital content of what consultants sell. Proposal writing is an instantiation of what Anna Tsing calls “the economy of appearances” where “the self-conscious making of a spectacle is a necessary aid to gathering investment funds” (Tsing 2000: 118).¹³⁸ In other words, the production of spectacle is, in and of itself, an act of generating value (*ibid.*). And therefore attempts to dismember this creative act through,

(emphasis in original Systeo material), the parts in bold delineating the legitimacy that Systeo constructs for its intervention in the everyday management of their clientele.

¹³⁸ Tsing goes on to explain that, “In speculative enterprises, profit must be imagined before it can be extracted; the possibility of economic performance must be conjured like a spirit to draw an audience of potential investors. The more spectacular the conjuring, the more possible an investment frenzy. Drama itself can be worth summoning forth” (*ibid.*).

say, outsourcing, would come at a price – to reduce the rhetorical impact and therefore potential value of the pitch.

There was also another, simpler reason against outsourcing the writing of proposals: in the ambiguous definitions of what constitutes “front-office”, that is consulting, and what constitutes “back-office”, that is outsourcing, proposal-writing falls into the consulting camp. Although it is not billable, proposal writing does contribute to revenue-generating – it wins contracts – and moreover it is a key element of consultants’ training. It is by writing proposals that newly hired consultants learn the fundamentals of Systeo-speak and the conventions of consulting presentation which are so critical to the cultivation of expertise with which consultants claim their ontological primacy i.e. that they, as value creators and market experts, are legitimated to restructure and intervene in the micro-operations of market economies. In short, it is a key step in the making of consultants. For this reason alone I was surprised to hear that proposal-writing could be a thinkable target of outsourcing, even though by this point I thought I had become immune to the “hegemony” of outsourcing.

But perhaps I shouldn’t have been surprised. After all this was just another case of boundary practices. The expansion of outsourcing engenders a shift, or to be more accurate, a re-specification of the cost/revenue boundary, to increase the remit of “cost”, and to shrink what counts as “revenue”. An imperative of this particular mode of production is that outsourcing “eats” into consulting, and does so continually – this describes the principle of hollowing-out – a term which I use to describe the shape that subcontracting takes (chapter 2). As the scope of consultants’ work decreases, outsourced to service centres for the sake of balance sheet aesthetics, the dividing line between what counts as “cost” and what counts as “revenue” has to be constantly remade and re-specified. But re-specifying the boundary does not change the overall productiveness of labour, it simply changes the distribution of production. As outsourcing increases, offshore labour, that is, cost-generators, take on more and more of production. But to justify this divergence of production to offshore locations, the productivity of those from which outsourcing occurs has to be made superior to offshore labour. Hence some are designated “cost”, and others designated “revenue” – the boundary demarcates a hierarchy of *representations* not a hierarchy of productivity. Otherwise the cost-saving rationale of outsourcing (Friedman 2005) is untenable. The so-called “race to the bottom” which is often invoked in descriptions of outsourcing and which contend that the rationale for outsourcing is the lowering of costs by

employing low-wage labour (see Ross 2006, Friedman 2005) fail to observe the *ex ante* requirement of separating cost from revenue. Although workers in the Dalian SSC are paid less than consultants based in Beijing, this is related to the ontologically opposed subjectivities of “cost” and “revenue” that have to be *made*, and which then legitimise the suppression of wage demands for cost-generators. In sum, I am saying that the system of subcontracting does not seek to improve the productiveness of labour, but rather the representations of productiveness, between different “factions” in the organisation.

That is to say, I refute the argument that outsourcing is carried out under the rationale of improving productive efficiency i.e. to maximise output. Instead, I would argue that outsourcing is carried out under the rationale of increasing shareholder value i.e. to create the most favourable representation of efficiency. Outsourcing, as practiced by Systeo, is not an example of Taylorism but rather an instantiation of financialisation. This claim is contentious – it conflicts not only with much of the existing literature on outsourcing which critique the practice as Taylorist (for example Head 2003, Upadhyay 2009, Freeman 2000) but also the internal depiction of managerial practice in Systeo which can be approximated to Taylorist techniques.

For example, in Systeo’s internal service centre in Dalian, certain teams of knowledge workers are managed through the disciplinary effects of time, harnessed to the speed of a standardised “work process”, much like factory workers to the assembly line. It would appear that SSC knowledge workers are managed in a fashion which bears close resemblance to the management of offshore knowledge workers in Carol Upadhyay’s ethnography of IT outsourcing units in Bangalore, where she makes the claim that they are controlled through “neo-Taylorist” management (2009).¹³⁹ SSC workers provide the IT support and helpdesk services for Systeo’s “front-offices” in China, Japan and Australia. Divided into teams based on the location of incoming calls, these knowledge workers constitute a tri-lingual call centre, answering queries in Mandarin, Japanese and English. Calls follow a standardised template of questions, and are subject to monitoring – recorded and logged by the internal ERP system. Hanging above their desks, and their desks only, is a 40 inch flat screen monitor with which

¹³⁹ Upadhyay states that “control over time is central to control over the work process. Indeed, extracting the maximum amount of time and ‘effort’ out of software engineers is key to profitability” (2009: 10).

productivity is made public, broadcasting, for all to see, each team's average pick-up times and handling times (duration) of incoming calls. Designed to instigate competitive drive, it is a device to shame and discipline workers, who have only their team to hide behind, into maximising their productive efficiency. However, it is never used. Every day I look up at the flat screen which is mounted just metres from my desk. And every day I am greeted by a series of blank columns. Although the screen is switched on it is not connected to the monitoring system. It is a white elephant which represented the spectre of what ERP systems *could do* – their potential to monitor real-time transactions – as opposed to the function that ERP systems actually serve – to impose market discipline (chapter 5).

Like sales proposals, the agency of ERP systems can be apprehended through spectacle. The flat screen suggests the “possibility of economic performance” (Tsing 2000:118) which in speculative enterprises is just as potent as realised economic performance (*ibid.*) As I mentioned in chapter 2, Systeo's internal service centre serves as an exemplar of outsourcing – clients are taken on tours of the centre where they can observe, first-hand, Systeo's expertise. These tours are opportunities for Systeo to produce the representations so critical to their business, which justify their consulting fees, and legitimate their claim to be “market experts”. Systeo directors point out to clients the material outcomes of outsourcing: the professionalised workers, the “Global” workplace, and also the expensive technology which underwrites the mode of production they are trying to sell. The flat screen becomes a symbol of Systeo's technical prowess with which Systeo managers can allude to the potential of ERP systems, a tool of management which would otherwise escape observation.

This is not to say that ERP systems were never used to monitor workers, but rather to consider the possibility that time discipline is not the primary objective of managerial techniques and the devices used to enact them. Indeed, a year after my three-month stint of fieldwork in the centre I found out that these same workers were in fact monitored for output. In interviews which I carried out as part of the performance management research two workers in this particular division told me that their calls were recorded and timed for the purposes of “quality assurance” – to evaluate the quality of customer service – and performance management – to collect data which would be used to judge their performance. The data wasn't broadcast via the flat screen, but was recorded by the internal IT system and claimed by employees to be used in performance evaluations. This would seem to suggest that the workers were managed by

recourse to productive efficiency after all. Except these were not the only factors under consideration in performance management. Just like consultants, offshore knowledge workers were evaluated using a method which was rendered incomprehensible by its opacity. Although these workers (unlike consultants) knew the *process* of performance management well, what with many of them mining the HR databases as part of their everyday jobs of “maintaining” Systeo’s internal infrastructure, they did not know the precise criteria which determined their final performance “rating”. They believed their “rating” was informed by measures of productive efficiency, but were never provided with evidence that this was the case. One worker disputed the relevance of productive efficiency altogether – Alex Chen, who “serviced” the Australian “front-offices”. In his annual review, that is, his official performance appraisal, he was rated “below peers” – the lowest possible rating.¹⁴⁰ According to Alex this was not on account of his productivity but for damaging the *reputation* of Systeo.

A research subject whom I had become well-acquainted with during my fieldwork in Dalian, I was pleased to be interviewing Alex on my last follow-up visit to the service centre. When we met I was shocked to find he had lost a considerable amount of weight, his face sunken and visibly aged. A slender man to start, I asked with considerable doubt whether he was on a diet. He wasn’t. “There’s been a football incident”, he told me. “It’s put me under a lot of stress...I think I’ve lost about 8 *jin* (4 kilograms)”, he explained. When I was based in Dalian Alex would invite me to football matches, between Systeo and other company teams, so I knew instantly that he was referring to a Systeo match. The incident in question occurred between his team – Systeo’s service centre team – and a team from the local tax bureau. He told me there was a collision mid-play which resulted in injuries to players of both sides. The tax bureau sought compensation from Systeo, which led to Alex being hauled into a disciplinary meeting with Systeo management. As the head of the football club, Alex was held responsible for the damage inflicted on Systeo, both in terms of monetary compensation sought from the tax bureau, and reputational loss – a claim which he did not repudiate, and which he has apologised for repeatedly. With his head bowed to the table he told me, “I’m sincerely sorry to [Systeo]”. But it appears that his apologies were

¹⁴⁰ As stated in chapter 5, employees are given one of the following ratings in their annual review of performance – “Outstanding”, “Significantly above peers”, “Above peers”, “Consistent with peers”, “Below peers” – the first being the highest rating and the last being the lowest.

not enough. He believes that he has “paid” for the incident through a poor performance rating which did not reflect his work over the assessed period – the last year. He explained that in previous years he had always been rated as “above peers”, two categories above the rating he had been given that year. “One level below and I wouldn’t be suspicious, but two? I can’t believe it’s only my work performance that’s been considered,” he said.

Whether the football incident did influence Alex’s “performance” review is impossible to ascertain, since I was not present in the “rating meetings” when the rating was assigned. But the collection of events –Alex’s suspicion that performance management is not a system for managing worker’s productivity, the disciplinary action of hauling him into a meeting with management, and then finally his uncharacteristically low rating – would seem to suggest that performance, in Systeo, is not only a referent for productivity i.e. output. This claim is strengthened if we take into account that the football team was in part funded by money from the HCS Program to promote employee engagement. Football, like all extra-curricular activities subsidised by Systeo, is seen as a means of making more engaged employees, that is, employees who confer greater shareholder return. It is in this sense that Alex had performed poorly – “the football incident” meant that he had scuppered the very representations so integral to fostering Systeo’s shareholder value.

But there was no way for Alex to know that shareholder return was an objective of intra-company football matches, for it is a relationship which is not made explicit to the majority of Systeo employees. Like Systeo’s badminton club, basketball club, and singles club, the football club was, instead, narrated as a feature of Systeo’s “global” corporate culture, which set it apart from local consultancies. Systeo funded leisure is portrayed as an example of the much hallowed but infrequently explained concept of “work-life balance” which peppered the speeches of Systeo management, as evidence of “why Systeo is a great place to work”, to use the words of its CEO, John Scott. Only the few employees who are members of the HCS Program have access to written material which make the connection between shareholder value and Systeo’s “culture”, and even they may not be aware of the connection since “shareholder value” is not verbally enunciated in this context. Instead engagement is discussed in terms which suggest an alternative referent – the productivity of labour.

The HCS Program, the top-down management initiative described as being concerned with the replication of Systeo’s culture, explicitly narrates employees as

productive assets of Systeo. That is, assets which create value. Recall the titles of the sub-programs (for e.g. “Valuing Our People”, “Talent Power Organisation” and “New Generation Talent Acquisition”) and the descriptions of the HCS Program as being concerned with the investment in human capital. What emerges is a discourse which implicates labour as the engine of productivity i.e. labour is construed as a unit of production. Like bits of machinery which can be serviced to improve productivity, employees are narrated as having their productive capacities nourished through investment in training.¹⁴¹ It is a narrative which is consistent with the Fordist regime of “retain and reinvest” (Milberg 2008, Williams 2000) – retaining the majority of profits for reinvestment in productive capabilities – alternatively defined by William Lazonick as the central management strategy of the “*old economy* business model” (emphasis added, Lazonick 2010: 4). In this model profits aren’t the only thing to be retained. To maximise the extraction of rent from reinvestment labour must also be retained. This is exactly what is claimed by HCS Program leader, Melissa Thompson, as the overarching objective of the HCS Program – she invokes employee engagement as a determinant of labour retention.

It is a claim which is made repeatedly but through hazy associations. In chapter 1 we saw that Melissa never states explicitly that employee engagement determines labour retention, rather by emphasising labour retention (in the analysis of the efficacy of the HCS Program) she implies that the objective of the HCS Program – employee engagement – is closely linked to the reduction of labour turnover. This connection is made even more concrete through the framing of the HCS Program as a tool of “culture” and the concomitant problematisation of “Chinese culture”. It is framed as an initiative which can “correct” the “unprofessional” dispositions and behaviours of Chinese employees, which expatriate managers attribute to a reified Chinese culture. In this narrative Systeo culture is portrayed as the “global” remedy for “local” ailments. In particular Chinese employees are said to be predisposed to opportunism. Put more bluntly, they are seen as disloyal.¹⁴² For partner Janice Chua labour retention was both a systemic issue, related to China’s rapid economic expansion, and a cultural issue, related to the intrinsic behaviours of Chinese employees:

¹⁴¹ See page 91 for quote from CEO John Scott, where he describes System employees as assets, not specifying explicitly whether they are productive assets or financial assets, but indicating implicitly that they are productive assets by referring to training as a means of investment.

¹⁴² See Kessler (2006).

“People [in Systeo] talk about high turnover, yes, it is a problem. The way I see it is like this. First we have an economy which is growing and growing quickly. This means that there’s always new opportunities. Every year more new companies are setting-up in China. They compete with Systeo for the good [employees], they can lure them away with high starting salaries. But Chinese people are also *naturally* opportunistic.” (emphasis added)

Such narratives of intrinsic cultural traits circulated amongst expatriate management, delineating the justificatory ground for the considerable sums of investment which were ploughed into the HCS Program. Not least in the specialist personnel required to run it: HCS Program leader, and expatriate expert of performance management, Melissa Thompson and her subordinates and would-be successors, Natalie Sun and Amber Zhao, who work exclusively on matters of “Employee Engagement”. Together they are portrayed as a team of culture mechanics dedicated to the task of reducing labour turnover through the tool of Systeo culture. But the limits of this portrayal are magnified in the face of failure.

For the HCS Program has not succeeded in stemming the flow of outbound employees. During fieldwork I became accustomed to seeing research subjects come and go, and learnt quickly that every offer of access had to be capitalised on immediately, before the “gatekeeper” left. As one Chinese consultant put it, “two years [of employment] is a long time in Systeo China”.¹⁴³ This was not a secret; but it was a matter of secrecy. I found HR staff reluctant to disclose the exact percentages of labour turnover,¹⁴⁴ otherwise known as “attrition”. These figures were “sensitive”, they explained. Even in the final review meetings of the HCS Program the figures were not discussed. For an initiative which claims labour retention as its objective, the absence of statistical data which would give an indication of labour retention was certainly conspicuous. In place of this datum is the performance of a relationship between

¹⁴³ Indeed, my own term of “employment” in Systeo, 16 months fieldwork, compared well with my research subjects.

¹⁴⁴ I refer to percentages and not the percentage of labour turnover because Systeo keeps a breakdown of attrition rates, based on the division and rank of employees.

employee engagement and labour retention, enacted through the medium of surveys¹⁴⁵. The surveying of employees' sentiments – their inclination to leave Systeo – does the work of constructing an implied relationship between turnover and engagement, and shifts responsibility to the individual employee. It is by asking questions which assume that labour turnover is, indeed, *a problem*, that it becomes problematised as a matter of local culture. In other words, high turnover is attributed to the purported misgivings of "Chinese culture".

Employees do not question the fact that there is high labour turnover, which is obvious for all to see, but they do question the intentions of the HCS Program to address this issue. As we saw in chapter 1, some members of the HCS Program committee expressed doubt over the connection between employee engagement and labour retention. They mobilised convincing evidence to make their point: that employee feedback which suggested a potential course of action for reducing labour turnover – the improvement of pay structures – was repeatedly ignored. If the HCS Program was truly committed to reducing turnover then it follows that this feedback would have been followed through. Moreover Systeo do not attempt to keep long-serving employees who express their desire to leave. One such employee is Catherine Wu who had been employed in the Dalian service centre for 5 years. One of Systeo's competitors had offered her a salary which was double what she was getting at Systeo. When I asked her if she had used this offer to negotiate a counter-offer from Systeo, she said bluntly, "Kimberly, I work in [the outsourcing of] HR. I know that Systeo won't negotiate. They will just let you go."

What we have here is an ethnographic crack – a rupture in the collage of representations. The definition of labour which is peddled to employees through the official narratives of "culture" comes unstuck. If employees are managed as productive assets then it would stand to reason that Systeo would want to retain them.¹⁴⁶ If Systeo

¹⁴⁵ In a nod to the core values of Systeo culture, which espouse, amongst other things, an ethos of democracy and fairness, surveys were frequently dished out to employees, much to their irritation. Many of these were sent out by the HCS Program including the Employee Engagement Survey which is mentioned in chapter 1 and which I am primarily referring to in this particular instance.

¹⁴⁶ See Olivier Godechot's paper *'Hold-up' in finance: the conditions of possibility for high bonuses in the financial industry*, for an example of where employees are, in contrast, well positioned to negotiate higher salaries – the case of traders in the financial industry. Banks find the value of their company assets inextricably tied to the particular employees who have control over them, thus those employees can plausibly threaten to take away these assets, and thus their value, if their

culture made workers more productive than Catherine, with 5 years of investment under her belt, would be a very valuable asset to lose. The fact that Systeo does not attempt to retain long-serving employees calls into question the inscription of employees as objects of productive capability – recall the talk of “skill sets” (chapter 5), “investment in training” (chapter 1) and “flexibility” (chapter 1). It is precisely because both employees in the consulting and outsourcing divisions are not managed as productive assets that labour is not retained. That is to say, this is not the definition of labour which underpins leverage. In the system of subcontracting labour is defined, instead, as a *financial asset* – a definition which does lend itself to high labour turnover.

Although these two definitions of labour seem starkly contrastive on paper, in everyday practice they cannot be so easily distinguished. Take the case of football. On the one hand football is construed as a means of harnessing the emotional and physical capacities of labour for productive ends; on the other hand it is a means of fuelling the representations – Systeo’s brand – so vital to the production of shareholder value. One could say that the former is the referent “sold” to employees (i.e. internally), the other is the referent “sold” to clients (i.e. externally). But employees are also expected to be aware of the potency of branding even if they are unaware of its connection with shareholder value. It was Alex’s failure to maintain representations crucial to Systeo’s “brand (shareholder) value” that led to disciplinary action. Note that Alex does not repudiate the disciplinary action; he accepts culpability. What he does object to is his low performance rating. I contend that the crux of his grievance lies in the inconsistency of representations surrounding production – what counts as performance. In Systeo performance becomes the cover for multiple definitions of value: a definition practiced under Taylorism and which is foundational to the Fordist regime – output – and a definition practiced under financialisation which undergirds the so-called “new economy” – shareholder value. In this final section I will argue that this gap in representations should not be seen as a failure of Systeo culture, to engineer a seamless depiction of social reality, but rather as the productive parallel of social reality in a financialised company.

salary demands are not met. He demonstrates “why the financial industry job market should be seen less as a market for individual skills than a market for interfirm asset transfer” (2009: 3).

Training a market

In Systeo we find narratives and practices of the old economy and the new economy. Taylorism and financialisation appear to exist alongside each other. This is exemplified by corporate training. At first glance it would appear that training, in accordance with the narrations of the HCS Program, and proclamations of CEO John Scott and China Chairman Liu Xing, is an investment in productive capital. At least this is the case for employees that are deemed to create value – revenue-generators – who are invested with training which is designed to hone their productive capabilities. As we saw in chapter 3, only consultants are eligible to attend the “Sales Effectiveness Workshop”. There they are exposed to, and equipped with, socio-technical practices of value creation which rely heavily on a set of managerial devices (for e.g. “The QSA Tool”, models of SOCIAL STYLES™ and “The Trust Equation”). The content of this training seems to correlate quite nicely with the assertion that consultants are productive assets. Here leverage can be absorbed into the framework of Taylorism, mechanism 2 (of the typology of leverage) appears to be nothing more than the nourishing of productiveness. But cost-generators also receive training, albeit different kinds of training, despite their designation as employees who destroy value. Surely, if they destroy value there would be little point in channelling investment to these employees? To illuminate this seeming contradiction let us examine the training in question.

I was able to observe, participate and eventually work, in another act of “free labour”, as an unpaid co-trainer of Systeo’s in-house “Global Skills” training with curricula disseminated from Systeo headquarters. “Delivered” to *both* cost- and revenue-generators,¹⁴⁷ this “soft-skill” training was designed to inculcate authoritative ways of speaking and a cultivated presentation of the self. These sessions were more mundane in content than the “Sales Effectiveness Workshop”. Meeting agendas, coaching tips and vocal projection were the order of the day, nothing as exciting as a trust equation came up. But despite the difference in substantive content, these training sessions aimed, also, to teach participants in the ways of value production. Specifically, they were designed to teach participants of “revenue” and participants of “cost” how to *present* themselves as value creators, which confirms the point I made earlier, that the need to display “add-value” is not confined to revenue-generators. This poses a counter-representation to the

¹⁴⁷ At least those who are eligible for training, that is, permanent employees who have passed their probation

dominant representation of cost-generators as people who *destroy* value, and an alternative reading of training. It is not a means of improving the productiveness of labour – it is not an instantiation of Taylorism – but rather a technique of improving employees’ ability to display specific market values – training is a technique of (improving) representations crucial to the eliciting of shareholder value.

So regardless of their productive designation, all employees must display “add-value”. This does not mean that all employees are construed as productive. We find here the co-existence of two registers of value – that which counts as productive – output – and that which can be presented – shareholder value. Some employees are *represented* as having productive capacities (the value creators) whilst others are represented, in contradistinction, as having destructive capacities (value destroyers). Moreover these representations are couched in terms of ontology – in the system of subcontracting the terms cost-generators/value destroyers and revenue-generators/value creators circumscribe the conditions of possibility for employees. But although these representations inform the ontological *conditions* for employees they do not literally describe distinctive ontologies – cost-generators do not exclusively generate cost, nor do revenue-generators exclusively generate revenue – rather the terms refer to the “ontological split” (see chapter 4) engendered in the operation of the system of subcontracting.¹⁴⁸ That is to say, these terms do not pertain to employees’ actual productive capacities but to differing representations of productivity within the workforce. These representations do the work of aestheticising the balance sheet, which, in turn, is a means of fuelling shareholder value. In Systeo the two registers of value are intertwined – shareholder value comes about through a hierarchy of representations (“revenue” versus “cost”) based on distinctions which are expressed as ontological differences in productive capability.

Financialisation requires not the overturning of Taylorism, but rather builds upon older narratives and understandings of labour which can be approximated to Taylorism. What we find is a mode of production where the ultimate goal is not output (productivity) but representations of output (shareholder value). That is to say, labour is not managed as a productive asset but the construction of labour as a productive asset is used to delineate a hierarchy of representations which legitimise the differential treatment of “back-office” employees from “front-office” ones. Put differently, the

¹⁴⁸ See Woolgar (2008).

inscription of labour as a productive asset does not describe the ontology of labour under financialisation but rather the epistemological content of the ontological premises of labour. Leverage, the creation of shareholder value, can be seen as a meta-ontology of value.

This self-referential quality of leverage is particularly obvious in corporate training where tropes of productivity and value are creatively entwined. On the one hand, training is portrayed as a means of demonstrating Systeo's commitment to its employees, a narrative which rests on the afore-mentioned ontology of labour as a productive asset. HR managers and Systeo partners repeatedly mention the emphasis on training in Systeo. This is a mantra which is explicitly connected to the motives of human capital strategy and which is trickled down to the lowest tributaries of the workforce. Time and again Systeo employees would tell me that Systeo is "famous for [its] training". Some of them even specified training as one of the main reasons why they applied to Systeo in the first place. Moreover, training was often posited as a factor which compensated for Systeo's notoriously low wages in comparison to industry averages. This was particularly the case amongst the offshore knowledge workers. With a starting pay of just RMB 2000 (£200) a month, these largely middle-class workers emphasised training in connection with their preoccupation with cultivating their *suzhi* (quality), and as a means of exposing themselves to new bodies of knowledge, which slotted in with their own individual projects of cosmopolitanism and modernisation (chapter 2). But training was more than just an opportunity for self-realisation – a non-financial compensation for low wages. In Systeo, training is construed as a substitute for remuneration. As HR manager Jack Yang put it, "I remind people that compensation [remuneration] is not just salary but also training". In other words, training doesn't make up for low salaries, training is akin to salary.

In Systeo-speak remuneration is always termed as "compensation", a term which allows the bracketing together of both financial and non-financial forms of reward. However, the definition of training as a type or form of compensation was not, as Jack Yang's comment reveals, commonly known amongst Systeo employees.

"Compensation" is most often used to refer to only financial compensation. But the lack of awareness amongst employees does not take away from the significance of this conceptual equivalence of wages and training, which is mounted through a broad definition of compensation. In particular, I would conjecture that equivalence is drawn on the basis of Systeo's financial interests, which are, in turn, constructed within the

terms of leverage. In the “eyes” of the balance sheet, training and wages are equivalent – they are both construed as a means of funnelling capital flows into *financial assets*, that is, financialised subjects. And as financial assets, Systeo workers can move from one asset class to another. Most commonly this movement is experienced as promotion.

If we look at how promotion is narrated and practiced in Systeo we can see that it is an invention of management that is more related to the concerns of leverage than an appraisal of individual output. In the interviews I carried out as part of the performance management research, many research subjects said that in order to be promoted they had to demonstrate that they had the skills and abilities of the next level in the organisational hierarchy. This was a claim that was supported by top-down narrations of promotion at an event which was mentioned in chapter 3, “Senior Managers Milestone”, where senior managers who had only just been promoted were told of how they could improve their chances of being promoted again. To get to the highest level of seniority – Systeo partner – senior managers needed to demonstrate a high enough “LOR”, or level of responsibility, a term which was explained obliquely through a succession of questions: “What is the size of the project? How big a deal is it?”. These questions pointed to the scope of senior managers’ responsibilities as a specific criterion of promotion. According to Christina Teoh, the partner giving the talk, candidates for promotion have to display their LOR over 2 years in order to be considered. “We look at people who can sustain growth”, she said. But this is not the only criterion of promotion.

In addition promotion candidates must be exemplars of Systeonezz – they must embody Systeo’s core values. “You need to be professional, have a high level of integrity and leadership – you need to be a role model”, explained Christina. This latter quality could be facilitated by attending a course called the “Leadership Development Program” which is “designed to grow ‘potentials’ for partnership.” But beyond these individual demonstrations of suitability, promotion was, in the first place, determined by “business need”, that is, the needs of Systeo. What this meant, exactly, differed between divisions in Systeo: those categorised under “cost” needed a vacated position before they could be promoted, whilst those under “revenue” needed a “big enough deal”. In other words, an individual can improve their chances of being promoted by refining their representations (of productivity and Systeonezz), but what matters most of all is whether Systeo’s business warrants new partners. And this explains why nine out of the eleven employees who were promoted to partner level in the whole of Systeo, in 2008,

are employed in China. Because the rapidly expanding China side of Systeo's business *needs* partners. The proportion of Systeo's business which is derived from the North America and Europe is shrinking, probably because most of the large companies and national governments in those regions already have ERP systems.

The precedence of "business needs" over individual performance is striking, not only because it seemingly goes against the pretences of performance management, but also because it so clearly depicts a notion of culture different from the individual-premised definitions of core values and employee engagement. What determines in the promotion stakes is not the qualities of the individual, i.e. who embodies Systeo culture, but rather "the market".

Systeo employees are hired and promoted in relation to the dynamics of the market, a relation which is constructed through financialisation. The market, whilst seemingly referring to an external entity – something that is *out there* – is, in fact, a creation, a kind of fabricated projection of the operation of management inside Systeo. That is to say, it is by constructing the internal organisation of Systeo as a market for assets that the market – the thing that governs "business needs" – is created. In this sense the market is not a thing, but rather a logic which keeps the patterning of the components coherent. For one, the market circumscribes promotion, directly for some and indirectly for others. As we saw in the last chapter, revenue-generators are incentivised to move in-step with the market. Conversely, cost-generators are not incentivised to follow the market, but rather are promoted on the basis of "position" – when one opens up, the opportunity for promotion is presented. We can see that promotion is more about reflecting market inflected distinctions which serve to distinguish workers of "cost" from workers of "revenue", than reflecting actual contributions to value from each group of workers. For there is no basis for comparing the productivity of these two groups, who are, in the first place treated differently, measured differently, on the basis of their *ex ante* productive designations. As I argued in the last chapter, what matters most of all is the performance of these categories, of "cost" and "revenue" generators. For what is important is the integrity of representations (and not the production of output). This is made apparent in corporate ceremonies of promotion where the production of symbolic value is paramount.

What distinguishes managers from their subordinates is their symbolic value which is acquired through their participation in a corporate extravaganza entitled "Milestone Training". This is the reward given to newly promoted managers for

reaching the most senior echelons of Systeo. I attended two of these so-called training sessions, one in Beijing for managers and another in Shanghai for senior managers. In both cases the majority of the participants were consultants who dressed almost identically, in suits which conformed to the official dress code. But amongst the sea of navy and black were more casually dressed employees from the “back-office” who had also been promoted. Unlike consultants they found the content of the training almost irrelevant to their everyday jobs. For these training sessions were primarily about inscribing *only* consultants with value-creating potential and honing their skills in value creation (chapter 3), they were not opportunities for new managers to learn the skills of managing people. Which raises the question: if Milestone training is about making distinctions based on representations of productivity then why are “value destroyers”, that is back-office workers included? I contend that the wider significance of these events is detached from the more obvious matter of content. Milestone Trainings also constitute the symbolic marking of human capital which has made the ascension to a higher asset class – “manager level” or “senior manager level” – regardless of how their productivity is represented (i.e. whether they are “cost-” or “revenue-” generators). As I noted in chapter 3, the long titles of these trainings, “Manager’s Milestone Training” and “Senior Manager’s Milestone Training”, are misleading, for participants are not promoted to a new position – of manager or senior manager – but to a new *level* in the organisation – which happens to be called manager or senior manager. These events enact a symbolic transformation of the subject, to demarcate its new position within the organisation.

Hence the focus is on stylistic content, which is manifested as conspicuous excess. Stately opulence best describes the five star hotels in which these events are held in, and where these Systeo employees “live it up” for two days, feasting on European and Asian delicacies, and watching presentations orchestrated with the precision and finesse of a West End production. Stage mics, sound engineers, rolls of duct tape, fill the “back-stage” area, with HR manager Cammie Pan calling the shots as “stage manager”. The partners are the stars, the participants the audience, who treat the occasion more as a weekend away than an opportunity for learning. One participant from Dalian even brought along her mother to enjoy the largesse. The occasion is topped off with a professionally taken “class” photo which is processed in lightning speed, framed copies handed to participants as they leave the hotel on the final day –

evidence that the objective of these trainings is not the nourishment of employees' productive capacities but rather the attachment of symbolic value.

As I mentioned in chapter 3, managers who attend Milestone Training, do not usually manage. When I went to the client sites of Utility China and Global Tel I found out that, even on large projects, there were only a few project managers. But, there are, in those project teams, many more employees who hold the title "Manager". We can make sense of this discrepancy if we consider that titles say less about an employee's job (i.e. its content) and more about the symbolic value of an employee. These events are designed to make explicit the employee's elevation to a higher position in the hierarchy of representations that denotes Systeo's market for assets. It is in this sense that these employees have reached a milestone, it is not because they are bestowed with responsibilities that correlate with the position of a manager or senior manager. "Milestone training" is neither, primarily, about creating certain kinds of aestheticism under the rubric of soft capitalism (Thrift 2005) nor the dissemination of proprietary knowledge (a point which I elaborate upon in the concluding section). It is about creating the representations vital to financialisation.

But "training" is not always in service to shareholder value. There are times when "training" is a referent for the production of output. Back-office employees in Dalian are forced to sign a "training bond" of RMB 9000 (£900) not for training, as the term suggests, but if they are sent abroad for work. In a workplace where the starting salary is approximately RMB 2000 (£200) a month, the value of the bond is, for some employees, equivalent to four-months pay. Unlike bonded labour these employees do not pay interest. Rather the bond acts to tie employees to Systeo for 6 months after they receive the "training" in question; if they leave before 6 months they must pay the full amount of the bond. Employees told me of the reasons why they may be sent outside of China for work: to transfer production to the centre, for example to transfer Ireland's offshoring capacity to Dalian, two managers were sent to Ireland to learn the work routines and processes which would soon be outsourced to their teams of back-office workers; and to bring back outsourcing expertise – one employee was sent to Bangalore, the global capital of outsourcing, to learn innovations in Systeo's outsourcing practice, whilst a group of employees who serve Japanese "clients" spent time in Systeo's Japan office in an attempt to improve the quality of their customer service. In all of these cases we find that employees are engaged, as human capital, in the act of tooling-up

production. Through the training bond back-office employees are forced to bear part of the risk of capital investment.

Like “performance”, the term “training” refers to two definitions of value – shareholder value and output. However these different referents are disguised by the inscription of training which is openly narrated to employees: training is used as shorthand to refer to Systeo’s investment in the productive capacities of labour. However in the case of the training bond investment is not narrated as an example of benevolence on the part of Systeo to its employees, but rather as something that the employee should be held accountable for. By making them sign a bond the implication is that tooling-up engenders the acquisition of “transferable skills” for the employee, that is to say, the employee acquires value which is not tied to the specific context (i.e. Systeo) but can be touted to Systeo’s competitors. This is also the case for consultants. A few years at Systeo can confer a considerable rise in their symbolic value and consultants can find themselves well positioned to negotiate large salary bumps elsewhere. Indeed, this is exactly what happens and which is why “two years is a long time in Systeo”. However, consultants are not made to sign a training bond when they are sent abroad. This does not mean they are more valuable than offshore workers, in one sense it suggests the opposite.

Back-office workers are made to sign a training bond because the acts of “training” that they experience are integral to the production of output. Systeo not only sells expertise of outsourcing, it is, as we saw in chapter 4, a company constructed through webs of outsourcing. Systeo *is* a system of subcontracting. Back-office workers help to build this system. In contrast, the “training” that consultants receive is about fostering their ability to create the spectacle, and illusion of control, which is vital to Systeo’s business of tethering shareholder value as a structuring ethic of capitalism. That is to say, back-office workers produce “the bread-and-butter of income flows from real assets” (Leyshon and Thrift 2007: 98) which Leyshon and Thrift argue are critical to the survival of financial capitalism. It is this asset stream that can be turned into collateral and be a source of profit in its own right; far from being the marginal part of the workforce, outsourcing is the foundation of Systeo’s consultancy.

In the market for human assets we find multiple registers of value tangled together, leverage is not exclusively tied to the creation of shareholder value nor is it exclusively tied to the production of output. And labour is not just a financial asset, nor just a productive asset. Rather leverage is best seen as a meta-theory of value – a theory

of a theory of value – which comes about through the crafting of representations. Shareholder value cannot be separated from the material accounting of output, it is but a second order representation of output. The rhetorical trick of making this second order representation *enact* output is achieved through the structure of ethics found in Systeo, which is produced by its practices of management that draw on material devices and knowledge. Financialisation is defined by the making of value, the ethical reformatting that re-specifies and re-constitutes the boundary between what does and what doesn't count as productive.

Conclusion

“Our lives team with numbers but numbers are tools and have no souls”.

William Li, Strategy Consultant

In November 2008, just two months after the global economic meltdown began, a lunchtime seminar was held in Systeo's Beijing office entitled “Financial Crisis and its Impact on China”. There was standing room only, the conference room packed with consultants, HR staff, and interns. It seemed like everyone wanted to know how their lives would be affected by the crisis. On the projector screen is an equation devised by strategy consultant William Li:

$$Risk = f(debt, greed, speed)$$

“I wrote it, it's a William patent!” he exclaims. The room roars with laughter. According to him the crisis is inextricably linked to ethics, but the problem is that “the risk deriving from ethics is not something that can be modelled”. On the next slide he shifts the emphasis to the tricky issue of accountability – who can be held responsible.

“Americans have learned that the experts who advise them what to do with their savings are at best fools. The lesson is...”.

“Don't blindly believe the experts”, he says to the audience, in a masterstroke of irony.

Whilst not immediately implicated in the financial crisis of 2008/9, consultants play a critical role in producing the conceptual and material apparatus of financial value which has come under fire in the aftermath. They are a subset of the market experts that William refers to, who produce the very ethical dilemmas that he problematises in his presentation.

In this concluding chapter I have drawn together the socio-technical practices which I have detailed in previous chapters, in an attempt to show how ethics is at the root of consulting. Not in the sense of a company ethos but as the legitimating ethical project of consulting. Put more concretely, it is the production of an ethical object – shareholder value – that legitimates the fees that Systeo charges its clients and which cements the position of the consulting industry as an integral cog in the machinery of financial value. Investment banks restructure by redirecting capital flows, whilst consultants restructure by reconstituting (the ontological premises of) labour; they are both implicated in a financial system brought to the brink of collapse in 2008/09. Systeo does the job of naturalising the tricks of representation which are critical to this new regime of accumulation. Management consultants establish “add-value” as the ethical imperative of business. They sell and practice internally a mode of production which is motivated by representations of efficiency, rather than the realisation of efficient production.

Employees are not trained in proprietary technologies, or exposed to knowledge that is the exclusive intellectual property of Systeo. William Lazonick has pointed out that such training underpinned the regime of “retain and reinvest” in the old economy – firms wanted to retain their workforce because they had made considerable investments in their productive capacity, which was linked to this proprietary information (2010). The move to open source technologies has led to a shift such that traditional old economy firms (for example Hewlett Packard) have now adopted the new economy model of financialisation, “downsize and distribute” (*ibid.*). In the case of Systeo, the technologies that they sell are not owned by them: ERP systems and also the models of value creation such as SOCIAL STYLESTM and the “Trust Equation” are all licensed from third parties. However, the difficulties of access that I experienced, first to enter Systeo, and then to obtain access into different divisions of the organisation, was frequently justified by recourse to an implication that Systeo’s business was based upon unique, and proprietary, knowledge. In short, the concerns about having an embedded researcher in the organisation were those of corporate espionage. There was a

perception that Systeo's knowledge-based business would be threatened by permitting the entry of a party who is not an employee, and therefore not contractually obliged to maintain non-disclosure. Managers and partners never went as far to actually say that Systeo owned proprietary technologies/knowledge, instead they reiterated that their business was based on a repertoire of "extremely powerful tools". This was a description that I first heard in the Sales Effectiveness Workshop, which I examined in detail in chapter 3. Trainer Nick Carson, an American partner based in Shanghai, told the participants, a group of senior managers and partners in the consulting division, that using the "extremely powerful tools" of SOCIAL STYLES™ model, the Trust Equation and the QSA tool will give them "the edge" in the sales process over their competitors. Although I have noted that these tools are licensed from third parties, this fact is never mentioned in trainings. One has to look at the small print located at the back of handouts to find this out. Indeed, the recurrent inscriptions of these techniques as "powerful tools" which are particular to Systeo often give the misleading impression that they are devised by Systeo.

The question is why are employees sold the message that Systeo has proprietary technologies, when this in fact is not the case. The probable reasons have much to do with the need to legitimise consultancy – the position of consultants, what they do and the exorbitant fees that they charge. The sales training that consulting partners and senior managers receive is aimed not, primarily, to cultivate unique skills which will improve their output, but rather to give employees the sense that, contrary to the model of market-efficiency, they have the tools and skills to apprehend and control activity in financial markets which are characterised by uncertainty and volatility. Building a business on a claim of creating shareholder value rests on making the related claim that financial markets can be made predictable. In chapter 3 we saw how many of the subjective elements that underpin financial markets – such as trust, social relations and needs – are re-made in the training session into objects of science and calculation. An illusion of control is produced. In that same chapter I discussed the approach to financial valuation that Systeo's consultancy references – fundamental valuation – and noted that the problem with this approach, as noted by psychoanalyst and pioneer of emotional finance, David Tuckett, and the fund managers that he interviews, is that there are no known fundamentals (2011). There are no established determinants of value. Rather, the value of a company is based on expectations and imaginaries of the future, which they try to decipher by interpreting the information available to them

regarding the company in question. What Systeo does is establish templates of interpretation. Revealed is a core contradiction of consulting: Systeo sells IT equipment that are market devices – they run on a model of market-efficiency – but at the same time “the market” is conceptualised within Systeo as an object which can be harnessed and controlled. It is this contradiction that underpins the denials of financialisation in Systeo.

Throughout this thesis I demonstrate that financialisation is repeatedly obfuscated, which gives the impression that Systeo is shamefaced about the model of business that it propagates and practices in-house. In chapter 1 we saw how the objective of corporate culture as a means of creating shareholder value is obfuscated, on numerous occasions, by a competing conceptualisation of culture as the inculcation of Systeo’s Protestant inspired “core values”. In chapter 5 we found out that billability – the metric which measures the revenue-generating capability of workers, and is related to Systeo’s share price, is omitted from official literature of performance management. And in this concluding chapter I have written about how the referent of leverage is elided in narration, that employees are narrated as productive assets rather than financial assets, an inscription which is buttressed by the impression that they are invested with knowledge of proprietary technologies. But if employees acquired proprietary knowledge during employment then we would expect authentic efforts to retain employees. However, the high turnover suggests quite the opposite. Often attributed to the purported intrinsic opportunism or disloyalty of Chinese employees, high turnover, in fact, is a stubborn reminder of financialisation and the social void that it produces. Despite the pretensions made by Systeo, in particular in the official narrations of corporate culture, that it cares about its employees, it seems that employees return in kind the low commitment that Systeo practices towards its workforce.

The ERP systems that Systeo install are sold on the basis that they are totalising machineries – they can produce the desired subjectivities of “cost” and “revenue” just by being operated. In fact, extraneous effort has to be put in to make these subjectivities as essentially oppositional as the titles of cost-generator and revenue-generator suggest. In a marked difference from much of the literature on market devices (for example Callon et al. 2007) I have shown how supplementary forms of knowledge and practice are a vital part of the operation of these devices, which are necessary to create the illusion of automation. A programme of culture (chapter 1), internal cost controls (chapter 2) and interventions by HR in the internal labour market of Systeo (chapter 5)

are some of the examples. In summary, I am showing how *both* market devices and knowledge practices are required to enact financialisation. And my point is that an ethic of shareholder value, because of the social void that it engenders, must be produced in a distributed fashion across both persons and material devices. It is not tenable to explicitly state to employees that their interests, as a constituent or stakeholder of the company, are totally subordinated to those of the shareholder. Thus, unlike a quasi-Protestant ethic, it cannot be codified into a set of core values and bandied around as the official corporate ethic.

We can see how shareholder value underpins the production of financialised subjects by looking at the effects engendered. These subjectivities restrict the production of cost and revenue to different factions within the workforce, which as I have demonstrated in the preceding chapters, serve to minimise the generation of cost and incentivise the generation of revenue. These are actions which benefit the shareholder and not (in the main) Systeo's employees. For cost-generators, the SSC workers in Dalian, they must limit their own wage demands for fear that their work will be transferred to cheaper outsourcing location(s) which are surmised to be Systeo's SSCs in Bangalore and Manila. And consultants risk being laid-off unless they can sufficiently perform their designation as the company's revenue-generators, a performance which is not entirely within their control (chapter 5). The ethical reformatting that financialisation engenders is realised through the production of subjectivities which circumscribes the existence of employees – whether they will continue to be employed or are laid-off – and which therefore cannot be explicitly communicated to employees.

How consultants are able to install this mode of production in their clients has been answered through the mirror of the consultancy itself. By examining the inner workings of Systeo I have tried to delineate the complex ways in which this ethical reformatting is enacted from a “first person” perspective – from within Systeo. We find that the restructuring of China’s economy to service the needs of capital takes place by drawing on associations (of labour and productivity) from older conceptualisations of production. Labour is reworked under a rationale of shareholder value – to create desirable representations of efficiency – by borrowing notions of productive capacity from the old rationale of output. Utilising established understandings of labour as a productive asset gives this new structure of ethics the rhetorical foundation to become ingrained as, to use consulting-speak, *best practice*. Systeo sells a mode of production that

seeks to become dominant through the re-ethicising of corporate practice which occurs not only at the discursive level. That is to say, management consulting is not reducible to the work of creating capitalist narratives, rather it is an industry which profits from enacting and rupturing the ontological grounds in which capitalism can reproduce itself.

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