KIMBERLY CHONG

# BEST PRACTICE

## MANAGEMENT CONSULTING *and the* ETHICS *of* FINANCIALIZATION IN CHINA

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# INTRODUCTION

"SOME PEOPLE ARE VISIONARIES, others are operators. I'm a client guy." So says John Scott, the chief executive of Systeo, a global management consultancy. The closest you could get to a corporate rock star, John travels the world with an entourage—his leadership team and a bevy of assistants—and has an army of loyal fans who track his movements online through his "Johnny on Tour" home page. These fans are none other than Systeo's own employees. In the spring of 2009 he was due to make an eagerly anticipated visit to China. For weeks I had heard rumors about his inspirational talks, how they flowed with wisdom, insight, and humor, his powerful voice and magnetic charm redolent of evangelical preachers. Unsurprisingly, the event, styled as a "town hall meeting," was packed. Consultants, junior and senior, expatriate and Chinese, filled the ballroom of a five-star hotel in Beijing's central business district, their attention fixed on their Svengali.

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." The audience broke into applause. More than just cheap populism and motivation-speak, John's comments reflected the growing importance of the region for management consulting. He reassures the employees that Systeo will not be a casualty of the financial crisis that had, at the time, gripped the global economy. In fact, "it's an opportunity for us to take market share from our competitors." To do this, "we need to sell seven billion dollars' worth of stuff every quarter . . . last quarter we did sell six billion worth of stuff, in the worst economic conditions."

*Stuff*. A word so short, so casual, so innocuous, and arrestingly opaque. Headlines such as "NHS [National Health Service] 'has no idea what £300m of management consultancy buys'" draw attention to the colossal sums—of public money, no less—that are spent on consultants, while communicating a lingering doubt over their expertise.[1] Social commentators depict management consultancy as nothing more than a hollow performance of expertise, or as one author put it, "a con."[2] 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 ten years after the American corporate giant of the same name collapsed. In short, we find that consulting is reduced to little more than an expensive package of corporate hype and moral deviance in popular narratives. But this explanation tells us little about the role that management consulting plays in the contemporary global economy. The likes of AT&T, Ford Motor Company, NASA, and the BBC, huge capitalist firms as well as well-known nonprofits, have all at some point hired management consultants, but for what exactly?[3] What do management consultancies do? And how do they do it?

John's failure to define consulting—"stuff"—was not a one-off. "Does your mother understand Systeo?" This is the question posed to newly hired consultants, bold type on an otherwise blank screen, the first frame of a short film played in their induction session. The human resources manager stops the film, turns to the puzzled faces, and says, "Work at Systeo involves many abstract concepts so it's difficult to explain [it] to other people." The film resumes, showing a series of 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. He can't answer the question either. Deciphering the object of consulting—"what management consultancies do"—is not just a matter for external inquiry. It is also presented *within* the consultancy as a dilemma that 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. Even chief executive John Scott is unable to explain to his mother, and by implication anyone else, what Systeo does, underscoring the point that this is not a dilemma that fades with experience. Rather, "enlightenment" is achieved through a repositioning of the analytical lens.

John looks straight at the camera, pausing with a smile, before inviting fresh-faced consultants to "think about the *nature* of what we do—that is, in fact, what we do."

I gained access to a global management consultancy in Dalian, a port city in northeastern China, a place that many people will have never heard of, let alone consider to be an appropriate place to study consulting. 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.[4] I went to Dalian because it is China's IT-outsourcing capital, where one can find many of the big names in software development, as well as technology and business consulting. My original plan was to conduct research inside the offshore platforms that had proliferated in recent years. I was interested in the forms of rationality that can be found in, and that inform the operations of, these high-tech workplaces.[5] Many impressive ethnographic accounts of China's manufacturing sector already existed, but similar research into China's knowledge economy was thin on the ground. As a doctoral student in anthropology at the London School of Economics I hoped to provide a timely description of how Chinese high-tech workers were adapting to the new social and cultural pressures that came with China's transition to a market-oriented economy. I was particularly fascinated by scholarly observations suggesting that knowledge-based industries in China were plagued by a problem of insufficient corporate professionalism, and that Chinese employees lacked the social norms and dispositions of global work.[6]

For six months I networked relentlessly, with the hope of eventually securing institutional access to conduct long-term, embedded fieldwork. I spent my days interviewing professionals who worked in Dalian's software parks, and my nights socializing at clubs and bars frequented by the expatriate overseers of global companies. Expatriates' penchant for hard liquor meant that I learned to hold my drink while sounding out fieldwork opportunities. I also learned to cast the fieldwork net widely. Karaoke parties, trips to the fish market, meetings at Starbucks, all featured in my diary. I would go to an event if I even vaguely suspected that I would meet people who worked in technology or outsourcing, each time hoping for that one serendipitous introduction that would open doors. Eventually my efforts started to pay off. Four months after I arrived I had meetings lined up with several software vendors and technology companies. However, each negotiation for entry resulted in more or less the same set of outcomes. My pitches would be favorably received by managers in Dalian, but weeks later, when I had already convinced myself that access was in the bag, I would be refused by an authority situated higher up the chain of command, in Beijing, Shanghai, or headquarters located abroad. The most commonly stated reason for rejection was "client confidentiality," though I suspected that security-paranoid technology firms were also concerned about potential corporate espionage. One by one I crossed off the names of high-tech companies, some world famous, others less familiar, that had operations in Dalian.

In January 2008 I found myself facing the prospect of jettisoning institutionally based fieldwork. I had approached no fewer than six companies—all of them had rejected my request for access. Everything rested on the final pitch I had lined up. It was to a global management consultancy, Systeo.[7] At the time Systeo was my least preferred option, mainly because it was not, strictly speaking, a high-tech company. I worried that I would not be able to fulfill my primary research aim of examining how local rationalities—whether of late socialism or Confucianism—interacted with the rationalities of global high-tech work. I wanted to research an organization that was explicitly involved in the production and propagation of information technology. Management consultants, in my eyes, were all smoke and mirrors, fancy PowerPoints and corporate speak. I was not entirely wrong. But what I did not realize then was how management consultants were deeply implicated in the spread of information technology systems and the IT-enabled outsourcing of services. Accessing Systeo would not compromise my research agenda. It would broaden it.

I had been introduced to Systeo by an English teacher from the United Kingdom. We met at a Gaelic football tournament, of all places. He was one of several expatriate language trainers and "cross-cultural experts" living in Dalian, who were hired to iron out the wrinkles in professionalism that apparently beset global companies. These problems were typically narrated as emanating from culture—the disruption posed to corporate culture by local norms and values, and cross-cultural misunderstanding between "East" and "West." This English teacher correctly anticipated that the prospect of free English instruction, not to mention the cultural expertise of an anthropologist who could lend a "fresh pair of eyes" to their internal management processes, would be highly attractive in this context. After my successive rejections, I was overjoyed and a little shocked to be granted approval to carry out twelve months of fieldwork, a period that would eventually be extended. It was agreed that in exchange for access I would edit communications and other internal documents, as well as give English classes. I would be based inside the company's "shared service center," where their back-office operations took place.

However, this was not their only offshore platform in Dalian. Systeo also ran centers dedicated to "business process outsourcing" and "IT application outsourcing" in the city. I was intrigued by the different kinds of outsourcing—perhaps these would engender different rationalities of operation? I hoped to carry out fieldwork in these sites as well. But that old chestnut, "client confidentiality," reared its ugly head again. Unlike the shared service center, these other centers were not directed to internal operations but to external business; thus, I would need permission from Systeo's clients to enter these spaces, almost certainly an impossible ask. Although I was initially disappointed, this led to an important realization that would animate the rest of my fieldwork: outsourcing was not merely a way of trimming internal costs; outsourcing was also a service to be sold.

In the last twenty years, there has been a dramatic rise in the number of organizations that have hollowed out their key business functions. Everything but frontline services is carried out in low-wage service centers in the global South. While the revolution in information and communication technologies (ICTs) facilitates such organizational change, it is management consultants who actively promote such structures. The offshore platforms I had come to study could not be separated from the practices of consulting. IT-enabled outsourcing was one of the ways in which consultants sought to improve organizational performance. Management consultants are more than PowerPoint wizards; I had obtained access to actors who have very profound effects on organizational structures and working practices, actors with the power to redirect flows of labor and capital, and thus shape economic forms. It did not make sense for my study to focus solely on outsourcing. My study needed to look at the various ways, of which outsourcing is just one, that consultants claim to create value. What are the organizational forms and managerial practices that consultants propagate? What is the role of technology? What are the discourses of worth and productivity through which consultants legitimize their interventions? To answer these questions I needed to get out of the shared service center and into the front office, where I could observe and interview consultants.

This book is an ethnographic account of management consulting, based on sixteen months of fieldwork inside the China arm of Systeo, a leading global management consultancy that specializes in the implementation of IT management systems and outsourcing services. It draws on participant observation and interview-based data with consultants and back-office workers, as well as my own reflexive insights from being a liminal member of the consultancy. I describe my pathway from English trainer to Systeo contractor, and how this transformation, from adjunct to employee, conferred multiple vantage points from which I observed and analyzed my object of ethnographic inquiry: the expertise of consultants. As well as accessing some of Systeo's front offices in China, I was also permitted to follow consulting teams to "client sites," their clients' organizations, where consultants spend most of their time.

The overarching aim of the book is deceptively simple: to answer the questions of what consultants do and how they do it. One consultant I met during fieldwork described consulting as taking the "*best practices* of clients, using them internally to find out what works, and then selling these onto our [other] clients." I was stunned to hear this. It was not just what she said, but also the candid manner in which she described consultancy as the process of recycling knowledge, originally obtained from their clients, for profit.[8] This comment would suggest that consultants, who are hired by most large organizations at one time or another, are creating institutional convergence. Scholarly accounts have similarly observed that consultants, far from creating managerial innovations, are in the business of standardizing organizational practice (Wright, Sturdy, and Wylie 2012). Best practice, it would seem, is both a trope for elevating consultants' expertise and a narrative that legitimizes the creation of cookie-cutter organizations. Which leads us to the question: Is Systeo, a global management consultancy, seeking to make Chinese business practices conform to standards already established in Europe and North America? Throughout my fieldwork I found a recurrent tension between the aims of a global management consultancy, to standardize organizational practice, and the practicalities of consulting in China. This was a tension that played out internally as well as in relation to their Chinese clients. Many expatriates posted to China shared a perception that Systeo's China arm—specifically its mainland Chinese employees—failed to conform to the company's global norms, standards, and processes. This failure to implement best practice within the consultancy seemed to threaten the very epistemological basis on which consultants claimed to possess expertise. If they could not ensure that best practice prevailed within Systeo, how could they sell it externally? This epistemic rupture would provide the fertile ground upon which I could investigate what consultants do.

Focusing on the knowledge practices of consulting, this book seeks to show how consultants produce and legitimize their expertise. Inspired by an anthropological approach that stresses how global capitalism is always produced through local actions, discourses, and meanings,[9] I show how Chinese employees employed at this global management consultancy draw on local tropes of modernity to understand and explain their apparently global expertise. Best practice might nominally refer to the standardization of business praxis, but it is narrated, sold, and legitimated by recourse to locally relevant and historically specific discourses. This is not to say that consulting in China is a diluted version or an exceptional instantiation of consulting proper. Rather, it is precisely because consultants' expertise is so slippery and difficult to describe that there is a need to find systems of meaning that resonate with their clients, which in China include many large state-owned enterprises (SOEs). In contrast to depictions of management consultancy as technocratic practice, I argue that management consultancy is the business of creating ethical injunctions. It is the work of moralizing and legitimating what is "best" under the aegis of financialization, and thus engenders the production of ethical remits, projects, and anchors that inform social action.

One of the ways this is achieved is through practices that bring new social realities into being. Commonly held notions of expertise, which suggest that experts must have demonstrable skill and a specialized body of knowledge, cannot adequately explain the work of consultants and their remarkable ability to sell their "wares." Instead, we find that the expertise of management consultants is performative.

According to geographer Nigel Thrift, managerial knowledge, which at its most basic level is concerned with the minutiae of interaction and human behavior, is performative in the sense that embodied performances of this knowledge are required for its authentication (Thrift 2005, 96). In addition, he suggests that the prescriptive character of reflexive managerial knowledge is such that it "has the power to make its theories and descriptions of the world come alive in new built form, new machines and new bodies" (Thrift 2005, 11). This second notion of performativity bears close resemblance to sociologist Michel Callon's thesis of performation. Writing specifically about economic models, Callon argues that economics "performs, shapes and formats the economy, rather than observing how it functions" (Callon 1998b, 2). This thesis has been taken up with gusto in social studies of finance, where scholars have demonstrated how financial equations and trading algorithms work not to represent but to intervene in the social reality of financial markets.[10] Management consultants also produce models—those that are actually used in business—practical models that do not necessarily correspond to economic or management theory as taught in universities.[11] In so doing, they play an important role in shaping everyday business realities. For these models don't just reflect particular ways of thinking; they also create ways of thinking. Often depicted as the ultimate knowledge workers, consultants produce forms of knowledge—business concepts, ideas, and theories. These are epistemological tools of modeling social reality, which create the legitimacy for organizational change. How these models acquire traction—the techniques of abstraction, calculation, and persuasion that are utilized, the forms of social discourse and value registers they engage—features centrally in the analysis.

By analyzing how knowledge is created, and how epistemological interventions are staged, this book shows how management consultants are connected to the practices of valuation and new logics of worth that have accompanied the financialization of corporations and everyday life. It is argued that management consulting is concerned with the creation of cultures of commensuration, through which new economic imperatives, forms of value, and power relations are legitimated and naturalized. This book, which provides the first portrait of management consulting in China, also shows how management consultants are implicated in processes of social and economic transformation in contemporary China. I suggest that Systeo is in the business of performing financial capitalism. Unlike in the United States and Europe, in China management consultancy is still in its infancy, with major firms opening offices only in the last twenty years. In this period China has shifted away from a system of socialist planning to become a flourishing, market-oriented economy with growing global stature. Management consultants have played a key role, installing the technologies and imparting the managerial techniques that have seen Chinese state firms transformed into financial entities.

### Management Consultancy and China's Project of Modernization

Since China's turn toward a market economy, modernization has been the stated goal of the Chinese government, whose legitimacy is intimately connected to the rising prosperity of what is now the world's second largest economy. Initiated by Deng Xiao Ping's program of "reform and opening" (*gaige kaifang*)—institutional reform and the opening 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. 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 toward explicit market reforms and radical restructuring, which involved active participation in the global economy 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 swaths of their global production chains to China, but also by outsourcing the job of domestic industrial restructuring to foreign institutions.

Political scientist Edward Steinfeld argues that China is pursuing its goal of modernization not by developing its own unique institutional framework, but by adhering to the rules set by the advanced industrial West. His argument rests on conceptualizing globalization as the organization of production hierarchies across national borders, that is, networked production. This definition sits in contrast with the popular view that globalization is more or less approximate to the dramatic expansion of trade and competition that has served to decimate old hierarchies between developed and developing nations and 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 anachronism of a strong state and liberalized markets.[12] Various authors have sought to exceptionalize the instantiation of capitalism in post-Mao China, principally on the basis of culture and the specific context of local practices or late development. 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.[13] He goes so 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 Organization (which took place in 2001) and the listing of SOEs on overseas stock exchanges. The latter is of particular relevance. In 1994, the Company Law was passed, providing a framework for converting SOEs into the legal form of the corporation (Naughton 2006, 201). Then, under the policy of "grasping the large and releasing the small" (*zhua da fang xiao*), which was adopted in 1997, China's largest SOEs were corporatized in a wave of initial public offerings that continues today, 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 in financial management needed to run a publicly listed global enterprise (2010, 34). He does not mention the deployment of foreign management consultancies, an omission that is particularly conspicuous given his stated emphasis on institutional outsourcing. Although consultancies disclose their associations with Chinese SOEs,[14] they have so far escaped the attention of the many scholars who write about China's economic development.[15]

If we look at the recent history of Systeo's business, and specifically where its business is expanding, it is apparent that the marketization of China's economy and accompanying economic restructuring has created a new market for consultancy. Systeo is looking to move more and more of its head count to China in order to keep up with the increasing demand for consulting services. This demand comes not only from Chinese SOEs and private Chinese companies, but also from the multitude of multinational companies that have set up production in the "workshop of the world" following China's opening up. They too are companies of significant scale and wealth, making them ideal customers for technology-based consulting, which is known to be lengthy in duration and thus expensive in cost.

Systeo's clients include the corporatized SOEs in the strategic industries of energy, banking, and communications, known collectively as the country's "National Champions." These are also some of the world's largest corporations, rivaling the likes of Walmart and Apple in terms of market capitalization.[16] However, the extent to which corporatized Chinese SOEs operate as public companies in service to their shareholders is still in question. In another research project, I found that fund managers from the United States and Europe who invest in China frequently articulated concerns about Chinese SOEs in particular (and Chinese public companies more generally).[17] As one fund manager put it, he was concerned that these entities were "employment agencies of the [Chinese] state," that is, that these were still, in some ways, socialist rather than capitalist institutions. Elsewhere, commentators have articulated a related fear that these behemoths operate with a distinctly "Chinese" management ethos, which circumvents the established norms and practices of global capitalism.[18] In summary, there is still considerable anxiety outside China that Chinese companies are operating according to their own historically and culturally informed ethics. Perceptions that Chinese companies are not fully disposed to Western financial capitalism, and thus not in the service of shareholders, can make these entities very unpredictable and risky in the eyes of long-term investors.

Systeo plays a vital role in making these entities into viable investment targets. It has been argued that "[public] companies can use consultancies as part of their communication strategy towards investment analysts," to convince them that "management is committed to improving shareholder value."[19] By shaping the objectives, the processes, and the operations of Chinese SOEs, Systeo helps to create a narrative that these entities are professionalized, modernized entities with "good management." That is to say, having an American management consultancy rather than, say, a Chinese consultancy (the latter being considerably cheaper), refashion these organizations and disseminate managerial expertise can be read as an attempt to dismantle culturalist accounts of Chinese capitalism and thus aid the external perception that Chinese SOEs are *investable*.[20] The argument that Systeo is shaping a cultural as well as a material project of transformation is buttressed by the fact that its business of consultancy is premised on global convergence and standardization. For Systeo, consulting is the job of making corporate China converge with an already established institutional framework and cultural form of global capitalism.

The very fact that Chinese SOEs have hired Systeo, a global management consultancy with headquarters in the United States, to overhaul their management practices is indicative of the kind of capitalism that is being instantiated in China. However, it should also be noted that in other aspects corporatization in China is not practiced as it is in North America or the United Kingdom. Le-Yin Zhang (2004) has pointed out that in China only a third of all shares are classified as tradable for a publicly listed company. For SOEs, the remaining two-thirds are owned by the Chinese state, making it the majority shareholder. According to Zhang, this has severely limited the potential disciplinary effects of public listing, and goes some way to explain the failure to yield improved efficiency (Zhang 2004). Elsewhere, Richard McGregor, former Beijing bureau chief of the *Financial Times*, has argued that the role of the Chinese Communist Party has been underestimated, and that it "deliberately downplayed its role in [corporatized SOEs'] operations" (2010, 47) and that beneath the veneer of market-oriented regulation the Chinese Politburo still retains control (2010, 46). However, McGregor's observations also seem to indicate that the rigors of stock market discipline are being imposed. He notes that one of China's largest SOEs—PetroChina—restructured its organization for the main purpose of increasing share prices. In China, as in North America, large numbers of workers are being laid off.[21] 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" that 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 Labor Law of 1994 (Lee 2007).[22] In China, the shift to privatization and corporatization has led to the kind of restructuring and changes in employment practices that have characterized the shift from welfare capitalism to neoliberalism in the Anglo-American world.

### Mediating Managerial Thought

Systeo promotes a range of organizational and managerial practices, many of which could be described as fads or fashions—knowledge products with a limited shelf life and questionable efficacy. Indeed, such a charge—that they trade in baseless management ideas—has been levied at management consultants writ large (Fincham and Evans 1999). It is important to note, however, that the practices and techniques consultants propagate also bear the traces of much older, more developed areas of management thought. This is, in part, because modern management—the kind that is applied to complex organizations—has evolved hand-in-hand with the expansion of the consulting industry (Kipping 2002). Many eminent management thinkers practiced as consultants. For them, consulting work was not an adjunct to theorizing, but often the means through which theory developed. In this respect, management differs considerably from more "pure" academic disciplines; far from being sullied by practical application, management theories are produced through, and in tandem with, practical application.

There is a common perception that management consulting began with, and consists of, advising top-level management on strategy and organization, a myth that was purportedly spread by James O. McKinsey and James Bowker to benefit their own consulting firm, McKinsey and Co. (Wright and Kipping 2012). In fact, the roots of management consulting lie in industrial engineering. It emerged with the development of scientific management at the end of the nineteenth century. Typically associated with the pioneering work of Frederick Winslow Taylor, scientific management evolved through practical concerns about how best to improve the efficiency of the shop floor. Taylor eschewed formal higher education for an apprenticeship with Midvale Steel Company, where he became deeply concerned with the problem of "soldiering"—workers who, fearing that increased output might lead to layoffs, would deliberately limit output. Part of the problem, according to Taylor, was that management did not know what constituted a "fair day's work," and thus could not judge whether or not workers' productivity was reasonable given the demands of their tasks. The solution would come through "scientific" principles, applied not only to the development of work but also to the selection of personnel. Key features of his method were the subdivision of the production process, routinization and standardization of tasks, the use of systematic observation and measurement to calculate optimal production speeds, and target setting. Taylor also favored a clear separation between the planning and execution of tasks. Mental work was the domain of managers; workers meanwhile suffered increasing alienation and disengagement from the very activities they were responsible for carrying out.

Taylor's techniques were popularized and disseminated through his publications, including the best-selling book *The Principles of Scientific Management*, and also by consulting to industrial companies and offering to remodel their production processes according to his system. Indeed, Taylor has been described as the "grandfather" of management consulting,[23] though leading firms of this initial period of management consulting were founded by other figures in the scientific management stable. Usually trained as industrial engineers, these figures set up and rapidly expanded consultancies that promoted similar yet competing approaches to Taylorism. They were all, nonetheless, focused on improving the efficiency of the labor process. Hence the labeling of these consultants as "efficiency experts."

Scientific management dominated managerial thought until the 1930s, when, in the midst of welfare capitalism, the alienating and dehumanizing aspects of technical rationalization came under scrutiny (Wren and Bedeian 2009). It was superseded by humanistic and behavioristic approaches that focused on worker motivation and satisfaction.[24] Most well known is the human relations (HR) school, which emphasized the importance of normative forms of control: "the idea that managers could more effectively regulate workers by attending not only to their behavior but to their thoughts and emotions" (Barley and Kunda 1992, 364).

The roots of human relations can be traced to the infamous "Hawthorne studies," which took place at the Hawthorne works of the Western Electric Company. Beginning in 1924, multiple experiments were conducted over the course of eight years to analyze different aspects of employee behavior, leading to a mass of data that personnel management struggled to interpret. One social scientist who was brought in to make sense of the findings was Harvard University professor Elton Mayo, who would later be known as the "father" of human relations. With interests in psychoanalysis and industrial psychology, Mayo emphasized the importance of workers' mental health and emotional states, and demonstrated that "once the irrationalities of workers are removed, or ameliorated, they will respond positively to non-economic incentives and be motivated to increase their productivity" (Trahair and Bruce 2012, 58). Proponents of human relations have helped to draw attention to the social and nonmonetary determinants of motivation, the importance of informal work groups and effective supervision on employee satisfaction and performance.[25] They can also be credited for developing conceptual frameworks—for example, the idea that organizations are social systems, which has influenced contemporary fields of organizational behavior and human resource management (see chapter 1). And their "softer" approach to management arguably paved the way for concepts of organizational culture that came to the fore much later on, in the 1980s (see chapter 7).

The rise of human relations could be discerned in the shifting composition of the management consultancy industry. From the 1950s, the efficiency experts were no longer dominant. They had been overtaken by a second wave of consulting firms that specialized in corporate organization and strategy (for example, McKinsey and Co.), selling expertise in "organizational development, work redesign and personnel management" (Barley and Kunda 1992, 375). As well as drawing on many of their ideas, these consultancies also deployed methods devised by the human relations school such as employee interviewing and counseling techniques (John Smith cited in Trahair and Bruce 2012).

The 1960s signaled the beginning of the modern era of management, in which we see a diversification of approaches. Although humanistic management was still practiced, managers had begun to question the efficacy of costly human relations practices, and thus looked again at more scientific, technical measures. Operations research (OR) and management science became increasingly important, and there was a return in management theory to quantitative techniques, rational calculation, and Tayloresque "principles." In particular, there was an emphasis on *process*, revealing a new incarnation of managerial discourse: "Process theorists equated management with setting objectives and designing systems for meeting those objectives. Planning, forecasting and controlling were meant to be the manager's watchwords. Process theories thereby provided management with a definition of itself consistent with the tools of OR and management science" (Barley and Kunda 1992, 377).[26] Especially influential has been the thesis of "management by objectives," popularized by management guru Peter Drucker, who argued that the "manager should be directed and controlled by the objectives of performance rather than by his boss" (Drucker 1954, 137). This thesis has come to inform contemporary performance management, whereby employees are encouraged, via objective setting, to exert self-control rather than being subject to constant external supervision.[27]

The current wave of management consultancies, including Systeo, have found success in promoting process-based management. As we will see, they not only advocate management by objectives; they also install computer systems that can operationalize processes. Further, many of the largest consultancies have diversified, profitably, into outsourcing services such as "business process outsourcing," which reflects an underlying assumption that an organization consists of a set of processes, some of which can be shifted elsewhere. It is by reworking processes that consultancies make claims to produce "high-performance" organizations. In doing so they have also helped to instill a new regime of value, one that privileges global finance.

### Financialization and the Rise of Management Consultancy

Since the 1980s, the management consulting industry has grown rapidly—faster than Western national economies—although its overall revenues remain small in comparison to other industries. In 1992 the global market for management consulting had an estimated value of $28.3 billion. By 2010 it had grown by more than tenfold, and was estimated to be worth $350 billion (Kipping and Clark 2012, 4). In part this staggering expansion is a reflection of the increasing dominance of the service sector and knowledge-based industries (Kipping 2002). Another explanation lies in the structural changes to the global economy that have taken place over the last few decades. The explosion of management consulting has coincided with the rise of financialization, that is, the shift from industrial to financial capitalism.

In recent years, authors from a range of academic disciplines have become interested in "how an increasingly autonomous realm of global finance has altered the underlying logics of the industrial economy and the inner workings of democratic society" (Van der Zwan 2014, 99–100). They have used the term *financialization* to describe a variety of phenomena.

For some, financialization denotes a new regime of accumulation characterized by “the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of the domestic and international economies” (Epstein 2005, 3), such that we are now observing “globalized production for the flow of funds” (Milberg 2008, 421). In this new regime we find that “non-financial firms have increasingly used finance rather than production as both a source and use of their funds” (Milberg 2008, 422). For others financialization refers to the ascendancy of shareholder value ideology as the cornerstone of corporate governance.[28] While the corporation was previously considered to be a social institution with obligations to a range of stakeholders, including workers and local communities, today the primary objective is to create value for shareholders in the form of rising share prices. Other stakeholders and their demands are subordinated to this goal.

The pursuit of shareholder value has led to the adoption of new business models. While in the past companies looked to “retain [staff] and reinvest,” today they look for ways to “downsize and distribute.”[29] They focus on their “core competences,” outsourcing other parts of their business in pursuit of short-term gains in financial value rather than long-term growth.[30] Mass layoffs and increased job insecurity have ensued. However, the elimination of productive capacity and the reduction in jobs has not, in the main, increased profits from production. Instead, profitability increasingly derives from financial rents, with the corporation becoming reconfigured to accommodate new strategies of capitalization.[31] Managers have come to view the firm as a financial asset, something from which value can be extracted rather than created,[32] reducible to its balance sheet, which is engineered to please securities analysts and institutional investors.

As agents of organizational change, management consultants have successfully mined this new orthodoxy of corporate governance for their own interests. Since the 1990s they have actively promoted “value-based management”—management with the express objective of increasing returns for shareholders. Scholars of social accounting have analyzed the steps taken to transform shareholder value ideology into a consulting product. First, a metric of shareholder value—such as “TSR” (total shareholder return), “EVA” (economic value added), and “ROI” (return on investment)—is selected or devised to measure performance. Second, a package of implementation measures is developed—the managerial practices and technologies designed to remodel the organization to incentivize the creation of shareholder value (for example, putting employees, especially senior management, on a shareholder value creation bonus plan). This second aspect is critical, for "if the product were a metric it would be cheap; as long as the product is implementation it must be expensive because implementation requires continuous assistance over a period of time" (Froud et al. 2000, 84). Third, management consultants develop the "guides to action and the promises that purposive management action will be rewarded" (Froud et al. 2000, 81)—that is, they develop narratives and other devices that explicitly link the creation of shareholder value to success in capital markets. Through these three elements, shareholder value is transformed from a fragmented rhetoric into an ontological entity and a moral justification for intervention.

The importance of developing a "package of implementation" becomes evident when we look at the shifting makeup of the management consulting industry. Since financial capitalism began to take hold, strategy firms that had hitherto dominated the industry found their market position being challenged by IT-related consultancies and the consulting arms of large accountancy firms. Including the likes of PricewaterhouseCoopers and the other "Big Four" firms, as well as IBM and Hewlett-Packard, these challengers have experienced tremendous growth since the early 1990s, and now make up the largest consultancies worldwide in head count and profits. Their ascent can be traced to the promotion and implementation of computer software known as enterprise systems, especially "enterprise resource planning" (ERP) systems, which assume the organization is a conglomeration of processes, so reflecting the turn to process-based management.[33] Moreover, through their capacity to measure and monitor processes in accordance with overarching objectives, ERP systems are able to "operationalize value-based management."

These technologies, which have their roots in military decision-making systems, have served to elevate managerial control on a huge scale.[34] ERP systems are a type of automated accounting system (Chapman 2005), which replicates "the central nervous system" of an organization (Yen, Chou, and Chang 2001). More specifically, they have been described as "computer-based technologies that integrate data across an organization and impose standardized 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. Consulting services typically focus on the organizational changes required to accommodate ERP systems—which are designed by software companies (ERP vendors), not consultancies—and on training their users. In comparison to the projects carried out by strategy consultants, an ERP implementation is extremely labor-intensive—which goes some way to explain why IT-related consultancies hire much larger numbers of consultants.[35] ERP implementation is also very lucrative, often taking years to complete and costing on average $15 million.[36] Despite their hefty price tag, these systems have become ubiquitous, a requisite managerial device of the modern corporation. Today almost every large organization in the United States and Europe operates an ERP system (Pollock and Williams 2008); emerging economies are the next big targets. Indeed, implementing ERP is the bread and butter of Systeo's work in China.

A recent study notes that "ERP systems are designed around 'information blueprints' that supposedly represent the end-user organization(s). These templates can, in principle, be designed specifically for that organization and then mapped onto the processes and terminology used by the vendor. However, this is difficult, risky and expensive, so in practice most such 'blueprints' are based on business models claimed to represent 'industry best practice' for each particular process designed into the system" (Knox et al. 2007, 26). That is to say, ERP systems tend to impose a one-size-fits-all model of restructuring. Best practice does not, however, only refer to standardization. In their literature ERP vendors and management consultancies typically define "best practice" as the practice that confers maximal profit, and that often comes at the expense of labor.[37]

In his book *The New Ruthless Economy* Simon Head documents the critical role that ERP systems have played in the rise of "reengineering," a managerial technique that first became popular in the 1970s (Hammer and Champy 1993) and that harnesses the computer to replicate and enact forms of surveillance and control in the domain of office work in a manner that bears striking resemblance to Taylorist forms of management that originated with industrial manufacturing. ERP systems enable workers to be monitored in minute detail—where, when, and how long you spend on any one task can now be documented in real time. Head 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 dehumanizing 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. By connecting ERP systems with scientific management, Head highlights the importance of technical devices for efficiency, a management practice that dates back to the days of Frederick Winslow Taylor and his stopwatch, and Henry Gantt and his "man record chart."[38] What distinguishes ERP systems, though, is the semiotic framework in which this technology is installed and implicated in producing. ERP systems are a means of *enacting* efficiency. Hence, whether or not organizations actually become more efficient as a result of ERP implementation may not be critical. Appearing more efficient may be justification enough for an ERP implementation.

The task of molding Chinese SOEs into global corporations reveals the inscription of ERP systems as a representation of modernity and vector of value. The mass of IPOs that were initiated by the turn to corporatization in the 1990s also led to a modernization drive in the organizations that would be floated, often *prior* to flotation (Reimers 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 (Reimers 2003).[39] This was particularly important for organizations that were stalwarts of the former planned economy, and thus considered the antithesis of modern capitalist practice. The narrative that is frequently mobilized within Systeo suggests that China's comparatively recent opening and switch to a market-oriented economy leaves it lacking in 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 the narrative—the appeal to a constructed deficiency in market-oriented prowess—is not exclusive to China. That is to say, the practice of installing ERP systems to create the "right" representation of capitalism is not unique to marketizing China; the proliferation of ERP systems around the world is inextricably linked to a more general shift toward, and the standardization of techniques used to produce, the vital "input" of shareholder value—financial accountability.

**Reflexive Management, Collaboration, and Access**

One of the first questions people ask when I tell them I carried out fieldwork inside a global management consultancy is: "How did you get access?" Many assume that consultants would be paranoid about having an anthropologist embedded among their ranks, not least because what I am interested in—the forms of knowledge and practices of valuation that underpin contemporary managerial techniques—is also what consultants sell. Certainly, I did encounter difficulties in gaining entry to Systeo and then within the organization, difficulties that proved insightful for my research. Resistance was typically justified by recourse to an implication that Systeo's business was based upon unique and proprietary knowledge. In short, 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 nondisclosure. However, once inside I found that managers never went as far as claiming that Systeo owned proprietary technologies or knowledge. Instead, they talked about the "extremely powerful tools" with which they claimed to be able to gain control over the inherent uncertainty of contemporary capitalism. Consultants were insecure about having an outsider observe their inner workings not because they produce proprietary knowledge, but because they are knowledge experts who *do not* produce proprietary knowledge.

Management consultancies are the central institution in what geographer Nigel Thrift terms the "cultural circuit of capital . . . [which is] responsible for the production and distribution of managerial knowledge" (Thrift 2005, 61).[40] Consultants trade in reflexive business management—they sell knowledge of the "practicalities of business," which is, in turn, fed back into business practices. In other words, consultants are engaged in the commodification and circulation of everyday business practices. However, the fact that consultants give the impression that outsider access might prompt security concerns over intellectual property suggests that these actors may feel insecure about their expertise. In such a context, one might expect that I would need to downplay my interest in consultants' production of managerial knowledge. When pitching, I often suggested that my research was preoccupied with cross-cultural interactions in a knowledge-based organization. But once inside the consultancy, I realized that a focus on the object of consultancy—reflexive managerial knowledge—could be a selling point in access negotiations. Business anthropologists have become the exemplary reflexive managerial subject (Downey and Fisher 2006), a depiction that lends itself to corporate collaboration, especially in industries built on a foundation of reflexive knowledge. For example, anthropologists have been able to carry out fieldwork in the industries of advertising and information and technology.[41] An anthropologist "for free" could be an attractive proposition if articulated in the right context.

My access was brokered with senior executives convinced of the efficacy of Systeo's corporate culture in producing exemplary corporate subjects. "Systeo culture" was frequently invoked as a social totality that would swallow anything in its path. Even the in situ anthropologist would not be able to escape its effects, a view espoused by one expatriate manager who told me, "By the time you leave here you will be Systeofied!" Perplexed by Chinese employees who did not display the desired subjectivity, expatriate management was open to the potential of anthropology to shed light on the situation. Many assumed that the problem lay with "Chinese culture"—the intractability of Chinese employees, because of "their culture," in yielding to Systeo acculturation. But others feared that the ineffective operation of corporate culture, a concept that was originally devised by management consultants, would threaten their status as knowledge experts and thus had potentially negative implications for the project of selling management knowledge externally. While acting as an English trainer to Systeo's back-office employees, who carry out the routinized work of processing time sheets, expense claims, and arranging business travel for consultants, I was invited to participate in an internal management project concerning Systeo's corporate culture—the "Human Capital Strategy Program." The ostensibly overlapping content of anthropological and consulting expertise—that of culture—surely facilitated, if not informed, the invitation. And with this position came an alternative means of producing anthropological knowledge—collaboration.

Traditionally, anthropologists have sought to adopt the role of a "detached observer." Such an approach can be traced to the pioneering fieldwork of Bronislaw Malinowski, the founding father of British social anthropology, who suggested that anthropologists should become immersed in everyday life, but never so much that they truly become native. Without maintaining some analytical distance, it would become impossible to objectify and thus analyze the "native point of view." However, in recent years, anthropologists carrying out fieldwork in "nontraditional" field sites, such as technology companies, trading rooms, and nongovernmental organizations, have sought alternative approaches. In such settings, detached observation is all but impossible—walking around an office with clipboard in hand, scribbling down notes, and then retreating to your "tent" would likely alienate you from your informants. Nor would detached observation be desirable when studying experts who produce reflexive knowledge, for the ethnographic object in these contexts is not a domain of knowledge that could become potentially "contaminated" by the anthropologist's involvement. Rather, the aim is to unpack the ethnographic sensibilities foundational to the expertise of informants, an aim that can only be carried out through the premise of collaboration or partnership.[42]

Once firmly ensconced in Systeo's Human Capital Strategy Program, I offered to design a piece of research for Systeo that addressed a moment of unsettlement, the "crisis" of performance management that had apparently besieged Systeo's China practice. As I describe in greater detail in chapter 2, performance management—which is not just something that Systeo implements in its clientele, but also a system of evaluation it operates in-house—was deemed to be "not working" in its China arm. I realized that this rupture in normal operation was a rare opportunity to push for greater access. Until then I was largely confined to Systeo's Beijing consulting office, which meant I could not observe how consultancy "travels" to their clients. By proposing to merge my research agenda with a few internal management priorities, I gained more support from senior executives—key gatekeepers—and thus was able to obtain the kind of access that facilitated an examination into what consultancies do. Effectively I was treated as an unpaid external consultant to Systeo—a position that conferred access to the HR department, internal corporate training, and entry to a number of "client sites" as well as the various consulting offices in its China practice.[43] However, after a year of access, my motivations for carrying out work without remuneration started to be questioned. Thus, for the last few months of fieldwork I took on a contractor role in the Corporate Social Responsibility (CSR) division, paid at the rate of a local intern, 100 yuan ($14) a day, in which I helped to coordinate local CSR initiatives in the China practice.[44]

It is instructive here to emphasize that my primary objective was not to research the interior lives of Systeo employees, but rather the modes of analysis that characterize their expertise, an approach that reflects the para-ethnographic character of expertise in this context. A term devised by Douglas Holmes and George Marcus, para-ethnography encapsulates the particular relationship that experts have to the knowledge of which they are inscribed as experts. 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 getting 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 for me to form robust relationships with employees of all levels of seniority. In part this was achieved by carrying out fifty-nine interviews with Systeo employees of all ranks, those working in the outsourcing and consulting divisions. The material gathered from these interviews does not form the main bulk of the data drawn upon in this book, but rather fulfilled my research collaborators' notions of what "research" consisted of, and helped to solidify my status as an independent researcher. Also, I periodically sent reports to the HR director, updating her of my activities and preliminary findings during fieldwork.

Although the official language of Systeo is English, fieldwork was carried out in a number of languages: Mandarin, 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 among expatriate managers who came from the former colonies of Hong Kong, Malaysia, and Singapore, Cantonese was the language of preference. Indeed, my own Malaysian Chinese parents are Cantonese speakers, although once they moved to Britain in the 1970s they chose, like many immigrants with aspirations for socioeconomic mobility, to speak English at home. Thus, I am unable to speak Cantonese but 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 about professionalism. 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.

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, 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 of materials or, in the case of the intranet system, organized my online access. It should be noted that this willingness to share materials emerged only once my position as a consultant of culture was established and I had begun to collaborate with the company.

In agreement with the terms of access I negotiated with Systeo senior management, I have referred to the organization, 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 employees 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 an employee offering to be interviewed, or taking time out to explain an IT system, or allowing me to partake in corporate training, had to be capitalized on as quickly as possible, for one never knew when, or if, that opportunity would come around again. It is also this very fleetingness that limits the possibility of future contact between the anthropologist and the field.

## Cultures of Commensuration

This book follows a nascent yet vibrant field of anthropology that explores the cultural and social constitution of contemporary financial capitalism. Reversing the discipline's traditional preoccupation with the marginalized and dispossessed, the anthropology of finance focuses predominantly on elites operating at the center of the global economy. Experts and expert practices have come under scrutiny, as well as the knowledges they draw upon, create, and manipulate.[45] In addition to investigating how financial value is produced,[46] such scholarship has shown that discourses of financialization cannot, in and of themselves, explain the sweeping changes that are happening in the global economy.

In her portrait of Wall Street, Karen Ho demonstrates that investment bankers, despite upholding and propagating shareholder value as their key mission statement, actually create waves of stock market volatility, which see share prices crash as much as they rise. To resolve this tension, Ho looks at the institutional culture of Wall Street, examining how it connects to the financialization of public corporations on Main Street. Vividly describing the "culture of smartness" and "hard work" to which bankers are subjected, Ho shows how there is "no pure, unmediated shareholder value"; rather, "its meaning and constitution change over time, are dependent on power relations, and are enacted through particular cultural and institutional contexts" (Ho 2009, 168). Bankers' actions are shaped by their own localized experiences of instability and job insecurity—it is these experiences, rather than an abstract discourse of shareholder value, that they draw on to legitimize the destructive short-term orientation to which they subject their clients. Similarly, we should not assume that shareholder value ideology necessarily informs management consultants' understandings of their work, or that consultants justify their interventions by recourse to the creation of shareholder value.

In the coming chapters it will become apparent that the ways in which management consultants establish meaning and achieve legitimacy for their actions depend greatly on techniques of commensuration. Rather than stressing one particular order of worth, the analysis reveals the variegated registers of value—which can pertain to local cultural tropes, organizational values, as well as financial value—that inform consultants' interventions. In particular, I focus on *how* orders of worth come to be legitimized by attending to processes of valorization, that is, the attempts to elicit equivalences between different value scales. The important role that management consultants play in the organization of work, and the financialization of economic activity and labor, can be traced to the production of what I call "cultures of commensuration."

Cultures of commensuration are integral to the creation of value "beyond the point of production" (Willmott 2010), which has become characteristic of the financialized economy. Brands have become "'objects' that can be monetized and leveraged" (Willmott 2010, 525), and branding is now considered an integral aspect of business that involves the management of "intangible assets" that feed into market capitalization.[47] We find that companies, usually technology firms, can have disputable potential income streams and still have staggering market valuations. Indeed, the specter that surrounds many a start-up's initial public offering, even after the dotcom crash, highlights anthropologist Anna Tsing's point that spectacle can, in and of itself, be a means of conjuring value.[48] In short, we find the creation of financial assets from what was hitherto impossible depends on the production of the "right" representations through which equivalences are drawn between the intangible and the tangible, between the invisible and the visible.

In the financialized economy, mechanisms of exploitation and expropriation, and thus the production of inequality, can also be traced to the production of certain representations—representations of labor productivity that suggest that some constituents are more deserving of value than others. Such representations make ethical claims and produce ethical dilemmas. Are shareholders the rightful owners of public companies? Is the value of the American CEO's contribution greater than that of the back-office worker in China? On what basis can we decide whose contribution is more valuable? These questions can be answered by examining the knowledge practices that visualize productivity and, more generally, make immaterial value tangible. Increasingly, we find that what counts as value is that which can be counted.[49] This is especially the case when it comes to evaluations of "performance"—of individual workers, departments, and companies. It has been much remarked that the regimes of performance measurement and objective setting that management consultants sell have the pernicious effects of eroding trust, professionalism, and autonomy.[50] The analysis I present extends these observations, demonstrating that performance measurement—and other techniques of commensuration promulgated by consultants—also produces new ethics and ontological effects.

Consultancies are engaged in producing "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. Here I draw on anthropologist David Graeber's 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 that trammels these multiple conceptions of value.[51] Graeber argues that values and value "really are refractions of the same thing" (2001, 78)—what is critical is the media in which value can be realized, which can range from money to symbolic performances. Consultants are well aware of the importance of media and mediation to the realization of value. Their obsessive use of PowerPoint is a case in point. 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.[52] Moreover, PowerPoint acts as a crucial prop in the production of a professionalized ethic and the substantiation of expertise. One of the "deliverables" (outputs of consultancy) that Systeo supplies to their clients is a PowerPoint that both describes the act(s) of consulting—typically, the IT installation that they carry out—and also inscribes these acts with an ethos of professionalism.[53] It is as a device of ethics, rather than "pure" representation, that consultants plow extensive effort into the production of these documents, leading them to acquire a dazzling proficiency with PowerPoint over the course of their careers.

Through representations, typically metrological representations (charts, tables, graphs, maps), consultants are able to link together—commensurate—*different* value registers, value, and values. Anthropologist Jane Guyer has pointed out that a priori connections between different scales of value do not exist; rather, they are pegged together through the performance or enactment of propositions. For example, there is no reason why one's work performance should be defined by one's contribution to profitability. Rather, it is through techniques of measuring labor productivity that a particular ethical proposition about performance is created, and thus tie performance to profitability rather than, say, acts of collegiality. Sociologist David Stark has argued that value is created through processes of evaluation—the drawing of equivalences between different logics of *worth*.[54] His suggestion is to develop a concept of accounts—a term that encompasses both narration and evaluative principles: "[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 2000, 17). Methods of performance evaluation create a story of labor productivity whereby certain logics of worth are made to apply, and through which individual workers are made to account for their everyday work.

These techniques of valuation, however, are not necessarily designed to give stable constructions of value. In fact, one could say that the edifice of management consulting is built on the tensions between different—often oppositional—registers of value. From my position inside the management consultancy, I found that the everyday practices of financialization could not be explained as reflecting a singular driver of change such as "the rise of shareholder value." Improving organizational performance does not simply refer only to increasing share prices, and financialization cannot be defined as merely the ascendancy of financial worth. Rather, consultants' expertise acquires meaning through unresolved tensions between shifting, relationally constructed oppositions that are formed in the particular historical moment. In this book I show how consulting work draws on an opposition between "Chinese" and "Western" modernities, that map onto a binary of desirable and undesirable subjectivities. I also demonstrate that inherent in the objective of producing profitability and other financial representations connected to share valuation is an opposition between revenue generation and cost generation, which, in turn, dissimulates as a binary of front- and back-office workers. In particular, I draw attention to the fragility of such oppositions by examining the boundary practices through which their meaning is produced. In doing so, I seek to question basic economic categories and processes, and reveal the instability and polysemic nature of key consulting terms.

Anthropologists of expertise have long demonstrated that the substantiation of expertise comes not from what experts have but rather what they do. For management consultants, who possess neither proprietary knowledge nor specialist accreditation, this is especially apparent. Management consultancy exemplifies the claim that expertise is "semiotically accomplished" (Carr 2010, 27) with the naturalization of their actions as an enactment of specialist, already acquired knowledge being especially important. I suggest that the power of management consultants, who continue to be hired in spite of their failure to deliver on their promises, derives from their capacity to naturalize the moral actions of restructuring and other forms of intervention as purely economic or technocratic. Forms of consulting speak are integral to this endeavor, as exemplified by the trope of "best practice." It is a term that derives rhetorical force from the implication that there is one universal scale of evaluation for management or organizational practices. Those deemed the best can, indeed *should*, be implemented across comparable entities. But how do we decide what is best? How can people be convinced that such practices are best? In other words, how can one scale of value be foregrounded over others? How are other scales of value rendered invisible in the legitimizing of consulting interventions? Management consultancy, I argue, is not simply the implementation of organizational practices, but rather is concerned with the fashioning of ethical projects by which these practices become thinkable and accepted.[55] It is the making of "the best"—the ethical nexus in which practices are judged and valued, but then naturalized as value-free.

## Structure of the Book

Each chapter in this book focuses on a different instantiation of commensuration that consultants practice and help to propagate, to build a rich portrait of the cultures of commensuration that inform the financialization of work and labor in the contemporary global economy.

Chapter 1 looks at the discourse and practices of making "high performance," a term that is invoked to describe the impact of consulting and is associated with human resource management (HRM). Described as the reinvention of personnel management as an object of strategy, HRM stresses the importance of "people" for corporate financial performance. This chapter is based on material gathered during my time with Systeo's Human Capital Strategy Program, an initiative depicted as a testing ground for high-performance work practices, a place where they can be practiced and refined before being sold to clients. Providing a rare insight into how HRM operates in practice, the analysis unpacks the epistemological logics that underpin the rhetorical claims of HRM. Narrated as an organization's greatest "asset," employees are encouraged through regimes of "culture" to stay, engage with, and commit to the firm. However, by looking at how high performance is measured and made material through representational devices, we find an alternative configuration of labor, one which is compatible with the practices of downsizing and outsourcing that have also proliferated in recent years. Practices of high performance commensurate labor with financial return to produce financialized subjects.

In chapters 2 and 3 I explore in greater detail how the financialization of labor is enacted and operationalized, again drawing on the internal practice and refinement of management forms that Systeo goes on to implement in their clients. Chapter 2 looks at performance management, a form of labor assessment that is closely associated with the rise of audit culture. Drawing on the dozens of interviews I conducted with consultants and HR staff, and observations of performance rating meetings, this chapter examines the politics of evaluation—the discourse and practices by which performance management can be performed as a meritocratic system of assessment. The intricacies of rating and ranking employees, who are subject to both absolute and relative judgments of worth, reveal the centrality of commensuration for performance evaluation. I focus especially on the processes by which an equivalence between labor productivity and financial value is produced, and how this is then translated into a notion of "performance." Through measures that equate time with the creation of revenue, consultants are incentivized to perform their designation as "revenue generators"—employees who contribute to the creation of shareholder value.

Revenue generators form one part of a dyad of financialized subjectivities. They are defined in opposition to "cost generators," who are usually found in supporting, back-office roles. Based on fieldwork inside Systeo's shared service center (SSC) in Dalian, chapter 3 elucidates how cost generators are constructed by examining "shared services"—a form of organizational restructuring that sees white-collar work sent to offshore platforms in the global South. Focusing on the organization of work under financialization, this chapter analyzes how outsourcing of this kind can be justified as a means of "reducing costs." I demonstrate that the shape that outsourcing takes, and the practices of work standardization and routinization, devalues the activity of SSC workers. 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. Techniques of commensuration create value hierarchies between different employees, some of whom are deemed to create revenue, others only cost. Although these representations do not give accurate depictions of employees' contributions and productivity, they nevertheless circumscribe their existence within organizations, leading to heightened experiences of instability and precarity for all but the most elite groups of employees.

Chapter 4 identifies the importance of commensuration for selling consultancy and establishing the legitimacy of their expertise. Drawing primarily on participant observation of training for mid-level consultants (ranked as managers and senior managers), this chapter analyzes the logics of worth that consultants are exposed to when being trained to "create value." Rather than postulating a specific body of knowledge or skills as the basis of their expertise, the analysis reveals how consultants are taught to moralize and politicize their interventions and the productivity of dissonance for this endeavor. Specifically, we see how consulting expertise is stabilized through the use of analogy—equivalences are drawn between leadership values and Chinese moral philosophy, between the subjectivity of clients and the values of financialization, their techniques of resolving uncertainty and the derivation of "truth" and "the facts." I draw attention to the different scales of economy that consultants must learn to switch between, and how commensuration is used to emphasize the impact of their interventions and create an ethical remit for consulting.

In chapter 5 we see how consultancy travels, as the analysis moves from Systeo's offices to its client sites. As part of the aforementioned research into performance management, I visited the Beijing offices of a multinational company and a Chinese state-owned enterprise (SOE). Both had hired Systeo to implement an enterprise system, yet consulting practice and consultants' behavior differed greatly between these two clients. Spending months if not years with their clients, consultants learn that their work is characterized by a pervasive experience of liminality. Problematizing the notion that management consulting can be reduced to the performance of an abstract professionalism, I argue that consultants actively adopt forms of embodied behavior that respond to clients' expectations, norms, and values; they establish moral projects of consultancy specific to each client. Demonstrating that financialization need not engender the expulsion of nonfinancial logics, Systeo's work to prepare a Chinese SOE for stock market flotation acquires legitimacy by incorporating local models of modernization and subject formation that elevate the state. Although discourses of "best practice" suggest that consulting is the process of making emerging economies commensurate with the West, here we find that management consulting is made commensurate with existing logics of Chinese development and post-Mao modernity.

Chapter 6 delves more deeply into how local tropes and models of transformation are incorporated into management consulting by focusing on the vernacular ethics of expertise. Despite choosing to work for a foreign consultancy and embracing a distinctly global identity, Chinese consultants are motivated by sentiments of patriotism, and see their interventions as acts of loyalty to the Chinese nation as much as a triumph of technological expertise. This seeming contradiction is reconciled through an ethics of patriotic professionalism that links together "individual professional development with national projects of state-strengthening" (Hoffman 2010, 6). Chinese consultants draw equivalences between their individual projects of cultivating a cosmopolitan identity and their consulting projects of transforming Chinese SOEs into global, financialized companies—they are both actions that seek to create a more modern and more powerful China.

The final substantive chapter looks at official regimes of corporate ethicizing, that of "corporate social responsibility" (CSR). Based on my final months of fieldwork when I was a contractor in the CSR division, chapter 7 demonstrates how initiatives designed to improve "corporate citizenship"—which include a charity bike ride across the mountains of Sichuan—incommensurate and commensurate scales of financial and nonfinancial value. On the one hand, internal CSR initiatives are narrated as examples of corporate praxis that are not informed by the pursuit of profit—in this way a moral consciousness is produced. On the other hand, CSR is practiced with the view to improving employee engagement, that is, increasing employees' capacity to create shareholder return. In short, a central contradiction of CSR is that moral legitimacy is drawn through the performance of extra-financial concerns, yet moral authority is generated for the purposes of finance.

Across the chapters a common theme emerges—the centrality of ethics for management consulting. In answer to the question posed at the beginning of this book—What do consultants do?—I suggest that management consulting is concerned with the creation of a legitimate ethical project, through which the financialization of economic activity and labor is achieved. This ethical project consists of practices of commensuration that bring together an array of value scales—financial value, social values, and state-promoted values of "human quality," high socialist values of the Chinese collective. Through management consultancy we see how financialization is enacted and altered through the interface with Chinese state capitalism. Far from posing a threat to the performance of financialization, local discourses and practices that emphasize the ongoing importance of state power help management consultants to enact forms of *best practice*.

# NOTES

## Introduction

1 http://www.guardian.co.uk/society/2009/jun/04/nhs-management-consultancy-costs, last accessed December 30, 2015. See also "MoD [Ministry of Defence] pays cost-cutters £3,950 a day" (*The Independent*, October 27, 2011), http://www.independent.co.uk/news/uk/politics/mod-costcutters-paid-3950-a-day-2376580.html (accessed December 30, 2015).
2 *Con Tricks: The Shadowy World of Management Consultancy and How to Make It Work for You* is a highly critical account of the consulting industry written by a former management consultant (Ashford 1998).
3 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. According to Born, the BBC spent approximately £22 million a year on consultants in the 1990s (2004, 218).
4 See McKenna 2006, chapter 2.
5 I had wanted to compare the practices of reason that inhere in a European or American company, with those in an Asian one. Dalian is the world leader in North Asian outsourcing, in part due to structural advantages conferred by its proximity to Japan and South Korea. However, I soon learned that this would be impossible. In the formal and informal pitches, I realized that one of the primary concerns was confidentiality—these high-tech companies appeared to be paranoid about what they saw as 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.
6 See Ong (2006a, 2006b).
7 Systeo is a pseudonym. As part of my terms of access, I agreed to anonymize the management consultancy and all of its employees.
8 This definition of consultancy as parasitic action can also be found in academic scholarship (see Clegg, Kornberger, and Rhodes 2004).
9 See Tsing (2005), Ong and Collier (2005).
10 For example, see MacKenzie (2006), MacKenzie, Muniesa, and Siu (2007).
11 See Thrift (2005).

12 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.

13 Anthropologist Ellen Oxfeld (1993) 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 fetishized 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 and Calder 1982; Redding 1993).

14 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.

15 This can be partly attributed to the bias toward macro-level analyses of enterprise reform (*qiye gaige*), which do not capture the subtle processes of enactment that defines the ground-level transformations that consultancies carry out. Broadly speaking, this bias reflects the division of labor between academic disciplines. Economists and political scientists have examined China's institutional changes at the macro level. And anthropologists and sociologists of China who are well placed to carry out a ground-level study have rarely looked at the agents of change—the mediating institutions of capitalism. Instead, their focus has been on changes to local communities, labor, kinship structures, and migration that 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 Chan 2001; Lee 1998; Pun 2005; Rofel 1999; Solinger 1999).

16 Many of China's National Champions feature in the top ranks of the *Financial Times* list of the world's largest companies by market capitalization, which is published annually.

17 In this project I analyzed over forty interviews that investigated how professional fund managers, from the United States and the United Kingdom, made investment decisions. This project, which concerns more broadly the role of narratives and emotions in decision making, uncovered how culturalist concerns about Chinese state-owned enterprises frequently appeared in what we have termed "conviction narratives"—narratives that fund managers draw on to generate conviction in their decisions under conditions of radical uncertainty (discussed further in chapter 1).

18 See Fishman (2005).

19 See Michael Faust cited in Kipping and Engwall (2002, 39).

20 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 harness markets for the purpose of national empowerment—the so-called China threat—an assertion that Steinfeld's book *Playing Our Game* (2010) addresses squarely in its refutation. For another denunciation of the "China threat" assertion, see http://www.newyorker.com/online/blogs/johncassidy/2010/12/the-china-threat.html (accessed December 30, 2015).

21 For an explanation of the relationship between the stock market and mass layoffs in the United States, see Ho (2009).

22 There is a considerable body of literature that documents the mass layoffs at state-owned enterprises since the second phase of market reforms, for example, Chan (2001) and Steinfeld (1998). However, official discussion was prevented by classifying any information regarding the layoffs as a state secret, according to McGregor. In his book *The Party*, he describes 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 favorably by foreign investors (McGregor 2010, 50). It would seem that although Chinese SOEs adopt practices similar to Western companies, the explicit disclosure of these practices, probably because they threaten the party's political legitimacy, is being hushed up.

23 See Wright and Kipping (2012).

24 For a discussion on the periodization of modern management, see Keulen and Kroeze (2014).

25 See Wren and Bedeian (2009).

26 Writing about the rise of (business process) reengineering, Fincham examines "the process concept," noting how it was spawned through "a collaboration between academic, consultancy and corporate interests—Ivy League universities, major consultancies and large corporations—which fed into organizational change paradigms particularly around the mid-1980s" (Fincham and Evans 1999, 35).

27 Management consultants have also been responsible for importing performance management—management by performance objectives, performance targets, and performance standards—into the public sector. This has been termed new managerialism or new public management.

28 See Lazonick and O'Sullivan (2000), Williams (2000), Boyer (2000).

29 Lazonick (2010) describes this as the shift to the "New Economy Business Model," which could be traced to the success of open standards technology, beginning with the IBM PC and its "Wintel" architecture. Without proprietary technology to invest in, companies were less inclined to invest in and retain their employees (who had acquired the skills and know-how to use and develop these technologies), and saw instead the cost benefits of maintaining a lean workforce supplemented by contractors.

30 See Lazonick cited in Milberg (2011), Milberg (2008), Ezzamel, Willmott, and Worthington (2008).

31 See Krippner (2005, 2011), Lapavitsas (2014).

32 See Lazonick (2010).
33 Other kinds of enterprise systems include those of customer relationship management (CRM) and supply-chain management (SCM), which Systeo also installs.
34 See Head (2014), chapter 7.
35 The kind of labor is also different; while strategy-oriented consultancies tend to almost exclusively hire MBA graduates, IT-related consultancies prefer IT and engineering experts, often hired straight out of university.
36 Based on a survey of sixty-three small and medium-sized enterprises and large firms (Xu and Quaddus 2013, 113). Total ownership of an ERP system ranges from $400,000 to $30 million (Xu and Quaddus 2013).
37 See SAP (1999a, 1999b, 2004).
38 For more detail on Gantt's man record chart, and how it preempted the use of performance incentives in the Netherlands, see Dix (2014).
39 See Tuckett (2011) for the importance of management, specifically the perception and detailing of "good management," and including managerial infrastructure, in influencing the context in which investors make decisions about which stocks to buy and hold.
40 The cultural circuit of capital also includes business schools and management gurus (Thrift 2005).
41 For ethnographic research on and within the advertising industry, see Moeran (2006), Mazzarella (2003). For the information technology sector, see Cefkin (2009), Nafus and Anderson (2006).
42 As a consequence, informants are also 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).
43 Systeo's Greater China practice has 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.
44 Throughout the book, Chinese yuan is translated into U.S. dollars at an exchange rate of 1 yuan to $7, the average exchange rate during fieldwork (2007 to 2009).
45 See Zaloom (2006), Riles (2011), Miyazaki (2013), Maurer (2005).
46 See Lee and LiPuma (2004), Ortiz (2014), Lepinay (2011), Poon and Wosnitzer (2012).
47 See Arvidsson (2005, 2011), Moor (2007), Foster (2007).
48 See Tsing (2000).
49 Accounting scholars have long pointed out that accounting metrics are critical to the structuring of valuation decisions, making visible, and so foregrounding, certain priorities and thus providing an epistemological basis upon which restructuring is carried out (see also chapters 2 and 3). The social effects of audit amount not to the particular cultural values it purportedly mobilizes (whether of neoliberalism or socialism), but rather pertain to how audit is, in itself, a means of creating value through measurement.

50 See Strathern (2000).
51 In Graeber's review of existing anthropological approaches to value, he mentions a third concept, value in the linguistic sense (which stems from the structural linguistics of Ferdinand de Saussure)—glossed as "meaningful difference" (Graeber 2001).
52 See Stark and Paraval (2008).
53 See Yates and Orlikowski (2007).
54 In recent years there has been a renewed interest in the concept of worth, particularly among economic sociologists. See Boltanski and Thévenot (2006), Stark (2000), Beckert and Aspers (2011), Berthoin Antal, Hutter, and Stark (2015).
55 Thus exemplifying Carr's point that "successful enactments of expertise hinge on the would-be expert's ability to establish an interpretive frame through which to view that object" (Carr 2010, 23).

**Chapter 1. High Performers**

1 See Beer (2009). Michael Beer is professor emeritus at Harvard Business School. He is also a cofounder of Truepoint management consultancy.
2 See Sillitoe (2013). Andrew Sillitoe is a consultant at Winning Mindsets Consultancy, based in the United Kingdom.
3 See Pfeffer (1994, 1998).
4 See Berg (1999), Appelbaum et al. (2000).
5 See Guest (2001).
6 My approach is broadly inspired by the performative turn in the social sciences (cf. Licoppe 2010), in particular the growing literature on the performativity of economics, which has explored how economic realities are "provoked" through representational practices that bring the very objects they describe into being (Muniesa 2014). This chapter shares many common threads with recent work on the performativity of valuation devices (e.g., Doganova and Muniesa 2015; Helgesson and Kjellberg 2013; MacKenzie 2011) and extends existing work that examines the performativity of strategy (e.g., Cabantous and Gond 2011; Carter, Clegg, and Kornberger 2010; Kornberger and Clegg 2011).
7 In this vein, I continue from the valuable work of anthropologists who consider documents (Riles 2006) and graphical artifacts (M. Hull 2003, 2008, 2012a, 2012b) to be more than representational devices. Instead, they explore their productive effects: the epistemological registers they intervene upon and the epistemological effects they can enact.
8 As Van der Zwan has put it, "shareholder value has been conceptualized as a discursive construct, a language of financial market expectations that operates independently of a firm's performance" (Van der Zwan 2014, 108). Of relevance to the context of this study, in which Chinese SOEs seek modernization for flotation on international stock exchanges but still retain aspects of state control and influence, Van der Zwan cites the study of Fiss and Zajac (2004), which