Financialization in the workplace: Hegemonic narratives, performative interventions and the angry knowledge worker

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A B S T R A C T

This paper uncovers how the pressures of financialization were passed from top management to employees and achieved performative hegemony in a subsidiary of a knowledge intensive, high technology, multinational corporation. Qualitative insights from subsidiary directors, management and knowledge workers are presented. The paper demonstrates that financialization is a performative phenomenon which elevates the role of accounting in organizations. It highlights how budgets can serve as a performative mechanism through which top management can narrate a desired reality and pass down a myriad of performative interventions to achieve this reality. The paper uncovers how financialization can cause insecurity, work intensification, suppression of voice and the enactment of falsely optimistic behaviours; all of which prompt distress and anger amongst knowledge workers. The paper also uncovers sources of counter performativity and resistance but demonstrates that employees ultimately participate in their subordination. Employees pursue financialized performative interventions as they interpret them as the primary method of securing their role in a pervasively insecure work environment.

Introduction

Saramago's quote above elegantly illuminates the point long made by critical theorists that workplaces are sites of multiple, contrary interests and narratives which are not easily reconciled. This paper documents how financial interests and narratives can achieve performative hegemony within the knowledge workplace.

Financialization refers to the increasingly significant role of financial markets, financial actors, and financial motives in daily life (Epstein, 2005: 3; Lapavitsas, 2011). Organizations operating within financialized capitalism interact with financial markets to secure capital from removed, financially motivated investors. Early proponents of financialization posited that prioritizing investor returns prompts top management to engage in productive activities that result in business success; i.e. what is good for the investor is good for all (Welch, 1981). Critics later argued that financialization is a less stable, more carnivorous type of capitalism, in part because product markets cannot deliver the immediate and continuous growth required by financial actors (Andersson, Haslam, Tsitsianis, & Lee, 2008; Foster, 2007; Williams, 2000). Scholarship on financialization is burgeoning and uncovers compelling aggregate trends relating to the employment relationship. It is widely accepted that this mode of capital accumulation results in losses for labour; causing job and financial insecurity in particular (Batt & Appelbaum, 2013; Thompson, 2013). However explanations of the relationship between...
Financialization at the level of the economy and workplace outcomes remain under-specified. There is also a dearth of accounts from employees meaning scholarship is at best unaware of what employees experience on a daily basis and is at worst encouraging a default view of employees as hapless recipients of deterministic financialized outcomes. This article makes an empirical contribution by documenting how financialization pervaded daily life within the Irish subsidiary of ‘Avatar’ (pseudonym), a publicly listed, high-technology, knowledge intensive, multinational corporation (MNC). Data is presented from annual reports, financial media, interviews and observations.

In-depth studies of financialization reveal that financial actors seek financial returns from organizations along with compelling strategic narratives which indicate the organization is pursuing formulaic strategies to achieve future returns (Froud, Johal, Leaver, & Williams, 2006; Zorn, Dobbin, Dierkes, & Kwok, 2005). This paper argues that financialization within organizations is defined precisely by the stream of performative interventions organizations take to live the narrative, deliver returns and ultimately be a model of shareholder value creation. Consequently, understanding financialization within organizations requires exploring how these interventions are co-ordinated, received, challenged and sustained to achieve a hegemonic influence and be both performative and possibly counter-performative. It is this micro level features of financialization that have not received sufficient attention and what this paper explores.

The paper first presents existing scholarship on financialized corporate governance structures and narratives. Secondly, it presents the case organization and details how Avatar top management were experiencing pressures that typify financialization. Thirdly, the paper documents how budgets were the central mechanism used to transfer performative interventions from Group top management to subsidiary directors and then onto lower levels. Fourthly it explores how financial narratives pervaded the knowledge labour process, creating behavioural scripts and categories of knowledge work which rendered employees accountable for their contribution. Finally it discusses the employment outcomes, counter performative, resistance and the emergence of the angry, insecure knowledge worker.

Financialization, performative accounting and knowledge workers in the literature

Financialized corporate governance structures

Scholarship on financialization and workplaces has been dominated by quantitative studies uncovering aggregate trends. The outcomes are typically explained in terms of structurally determined causality, owner-fiduciary views of corporate governance and stakeholders as rational agents of capital. The interests of capital dominate stakeholders to a greater extent in financialized, liberal market economies (LMEs) (Andersson, Lee, Theodosopoulos, Yin, & Haslam, 2012; Boyer, 2000; Gospel & Pendleton, 2003). Publicly listed firms in LMEs seek capital from mobile investors who judge organizations on share price and prospective financial returns (Dobbin, 2005; Zorn et al., 2005). Distinct pressures arise in such organizations as product markets often fail to yield sufficient returns to satiate investor appetites and maintain share price (Foster, 2007). Fear of divestment and hostile takeover, not to mention loss of personal remuneration, has led to increased incidence of top management boosting investor returns by pursuing short-term, financially myopic strategies. Such strategies include taking on debt and limiting internal investment possibly to the detriment of long-term competitiveness (Aglietta & Breton, 2001; Appelbaum, Batt, & Clark, 2013; Bezereh & Goldstein, 2013; Carr & Tomkins, 1998; Lazonick, 2012). Indeed financial actors tend not to respond positively to complex exploratory innovation (Gupta, 2012). Organizations are also more likely to cut costs, downsize and engage in continuous restructuring (Froud, Haslam, Johal, & Williams, 2000; Lazonick, 2012; Milberg & Winkler, 2009; Shin, 2010; Thompson, 2003). Empirically, these accounts uncover compelling trends but do not provide an insight into how financialization is activated in different settings.

In-depth studies reveal the varying ways the logic of financialization can unfold. Commentators from economic geography (Pike & Pollard, 2010) and cultural economy (Erturk, Froud, Johal, Leaver, & Williams, 2008: 239; Froud et al., 2006) demonstrate that the activities and outcomes associated with financialization are not uniformly determined at the level of corporate governance. Investors may want different things (Hendry, Sanderson, Barker, & Roberts, 2006; Ryan & Schneider, 2003). Across LMEs there are varying approaches to meeting the needs of financial actors (Faulconbridge & Muzio, 2009; Lutz, 2004). Furthermore, top management do not always act as rational agents of capital; they can take careless risks (Dobbin & Jung, 2010), exercise discretionary power (Gomez, 2004), retain and reinvest (Froud et al., 2006) and be affected by internal and external relationships (Pye, 2004). This is not to say that financial actors do not create distinct pressures for top management. Financial actors certainly constrain management action by shaping performance expectations and defining which financial metrics matter (Froud et al., 2006:122-136). It simply means that management can interact with financial actors in different ways and take varying approaches to optimize investor returns.

Hegemonic financialized narratives

An emerging body of qualitative work demonstrates that financialized capitalism is not distinguishable solely because of pressure for high returns; what is also unique is the significant role of narratives (Erturk et al., 2008: 239; Hendry et al., 2006; O’Neill, 2001; Pike & Pollard, 2010; Roberts, Sanderson, Barker, & Hendry, 2006; Zorn et al., 2005). For these authors, financial actors such as investors, rating agencies and financial media are not a predictable, deterministic source of discipline. Instead financial actors function as co-authors of ever changing, speculative, unstable economic, industry and company narratives that affect estimations of an organization’s...
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