Cash, codes and complexity: New adventures in the public management of pay scales

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Abstract

Communication makes a difference. The manner in which we communicate creates the phenomena we communicate about. It can seem obvious, but we are nevertheless seldom aware of the complexity that this constructivist assumption implies. Through an analysis of a new pay reform in the Danish public sector, this article theorizes the complexity in terms of Niklas Luhmann's systems theory. In an attempt to understand the ambiguities of today's management of pay, it identifies four wholly different 'codes' of communication; law, money, learning and love. Each of them struggles for the position to construct 'pay', 'personnel' and 'management' differently. Ambiguity is construed in terms of the complex interference that arises between the systems of communication that are coded in these ways. Through this codified complexity, the new pay reform does not merely represent an innocent 'management technology', but a productive 'management policy' drawing on conflicting codes setting specific distinctions for rewarding, distinct boundaries for managing work life.
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Keywords: Management; Personnel management; Employment relations; Pay system; System theory; Niklas Luhmann; Critical management; Communication

0. Introduction

"How on earth can it be so difficult to manage a paycheque?" said the manager of an administrative office when I interviewed him. "In this New Pay system there are so many and often conflicting considerations to be aware of." While this web of considerations

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makes managing a paycheque a complicated affair, however, it also establishes the very conditions that make management possible. As this article will show,[1] complexity offers managers, not just "a difficult tight-rope to walk on," as the administrator described it, it offers them an opportunity to approach pay as a management issue in the first place; moreover, it functions as a mean to construct management as such. This can be seen very clearly in regard to the new pay scale that has recently been implemented in the Danish public sector. Here pay is discussed in different ways, which makes the decisions more complicated than ever before, and also more complicated than the designers of the new scale ever imagined.

This not only shapes widely divergent views of financial compensation, it also constructs a great range of identities for both employees and managers, i.e., a variety of ways of defining their respective functions. Neither pay, personnel nor management are permanent, pre-defined entities on this new approach to remuneration. They are shaped by the particular view of pay that is adopted at a given moment. The many possible ways of thinking about pay opens a plurality of issues, and this constantly threatens to decompose the position from which management can be defined. Management becomes a plural and emergent phenomenon, taking on a variety of forms in the different contexts in which it appears.

Drawing on the work of Niklas Luhmann the article construes the rationales behind the formation of pay as *codes* that shape *communication* about pay. It thus follows a line that has been suggested by other discourse-based studies of organisation (Alvesson & Deetz, 2000; Alvesson & Karreman, 2000; Calás & Smircich, 1997; Clegg, Hardy, & Nord, 1996; Grant, Keenoy, & Oswick, 1998; McKinlay & Starkey, 1998). The article proceeds from the so-called 'linguistic turn' and establishes a *discursive constructivist* perspective, seeing sociality as a result of communicative construction and insisting that language not just "naively mirrors or innocently re-presents the world but actively creates and powerfully shapes it" (Kornberger, Clegg, & Carter, 2006, p. 13).

This perspective challenges the traditional literature on human resource management (Guest, 1999; Sisson & Storey, 2003; Storey, 1992, 1995), employment relations (Beaumont, 1995; Farnham, 2000; Gennard & Judge, 2002; Madsen, 2002) and pay systems (Akerlof, 1984; Deci, 1975; Frey, 1997; Ibsen, 2002; Willamson, 1996). Adopting a behaviouristic position that focuses on the 'essential' behaviour of actors, those perspectives are guided by a normative ambition to discover ways of improving this behaviour by diverse managerial technologies (like skill-based and performance-related pay). By contrast, this article works within a communicative systems-theoretical perspective (Luhmann, 1996, 1998). Rather than seeing management, personnel and pay as essential phenomena, it takes a step back in order to look at the categories themselves, their construction and their position in organisational communication. Rather than forming an immediate normative judgement about the new technology, the article analyses the way the new pay scale emerges and the consequences this has for the communicative construction of management and thereby for the created ideal representations of personnel.

The article consists of five sections. Section 1 presents the *empirical background*; it describes how pay has increasingly become a topic of interest to management research, i.e., how it has gone from being a labour relations issue to being a management issue and how,

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[1]The article is based on one of the analysis in my Ph.D. thesis. For further information about empirical data, theoretical considerations, and analytical results I refer to chapter 5, 6 and 7 of this publication (Rennison, 2003).