

Charles Handy: A Tribute

Richard Higginson pays tribute to Charles Handy, whose writing on corporate purpose and the portfolio lifestyle influenced many businesspeople.

In the run-up to Christmas, you may have missed the fact that Charles Handy died at the age of 92 on 13 December 2024. It is fitting that FiBQ should pay tribute to such a distinguished thinker, one whose insights into business, organisations and management have enriched many of our lives over the last 50 years.

Handy was born in 1932, the son of a Church of Ireland archdeacon in County Kildare. He graduated from Oriel College Oxford with a first in Greats, joined Shell as a marketing executive in 1956 and for the first ten years of his life, mainly spent in south-east Asia, seemed destined for a conventional career climbing the corporate ladder. But he became bored and quit to spend a year at the Massachusetts School of Technology's innovative Sloan School of Management. There he met influential business and leadership thinkers like

Warren Bennis. Returning to London, he joined the staff of the rapidly emerging London Business School, introduced a Sloan programme there and in 1978 became a professor.

By this stage Handy was discovering his talents as a writer, and he produced two weighty books on organisational behaviour which have proved of lasting influence: *Understanding Organisations* (1976) and *Gods of Management* (1978). In the latter, he analysed corporate cultures in terms of four distinct styles of management, each associated with a Greek god. These were:

- The **power** culture. Based on Zeus, this culture emphasises centralised or top-down power and influence. It typically operates in a formal environment led by a fast-paced leader focused on quick results.
- The **role** culture. Based on Apollo, this culture is bureaucratic, run by

strict procedures, narrowly defined roles and precisely delineated powers.

- The **task** culture. Based on Athena, this culture is focused on small teams, results-oriented and is marked by flexibility, adaptability and empowered employees.
- The **person** culture. Based on Dionysius, this culture focuses on the individual and prioritises human welfare within organisations.

Handy astutely explored the strengths and weaknesses of each approach and identified what was needed to make them succeed.

Handy's profile rose in the 1980s but the 1990s were the decade when he was at the peak of his influence, becoming a very prolific speaker and writer. The impact of his thinking was felt in two main areas.

Charles Handy

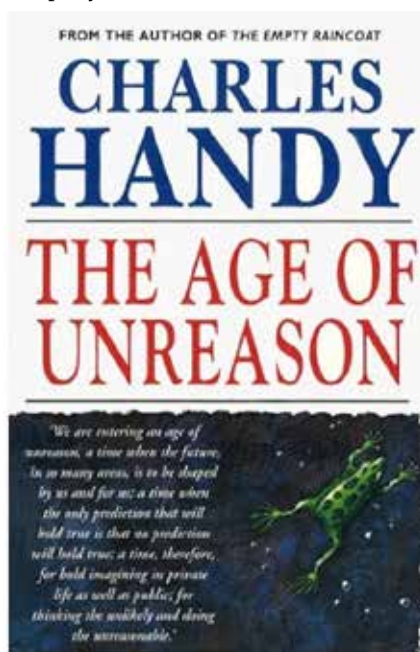
Photo: druckerforum.org



Purpose of a Company

First, the role and purpose of a company. Handy became very involved in the Royal Society of Arts, serving as chairman from 1987 to 1989. On 5 December 1990 he delivered the RSA Michael Shanks memorial lecture on 'What is a company for?' Here he questioned the American business school wisdom, and in particular the thinking of Milton Friedman, that the social responsibility of a business is to increase its profits for its shareholders. He said 'The principal purpose of a company is not to make a profit – full stop. It is to make a profit in order to continue to do things or make things, and to do it even better and more abundantly'.¹ He thought that seeing profit as a company's purpose was a case of mistaking means for ends, and disputed the idea that shareholders actually own the company.

In his book *The Empty Raincoat*, Handy went further and said that companies should aim for immortality. 'A company will only be allowed to survive as long as it is doing something useful, at a cost which people can afford, and it must generate enough funds for their continued growth and development'.² It therefore needs to seek 'stakeholder symmetry', showing a balanced concern for all the stakeholder groups with whom a company interacts.

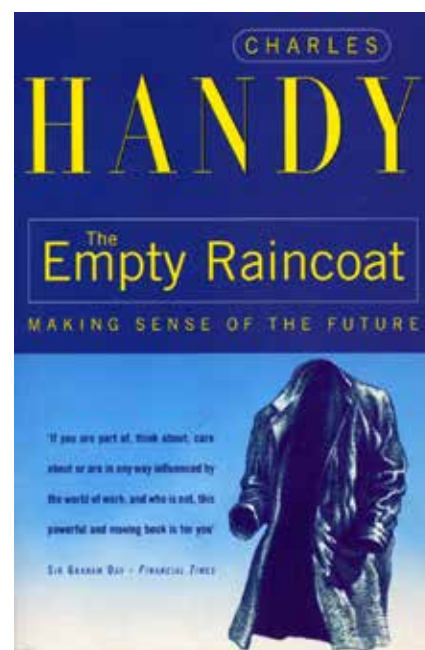


Such was the interest created by Handy's lecture that the RSA decided to set up a wide-ranging inquiry. This led to the publication of the report *Tomorrow's Company* (originally *Rethinking the Company*) and the establishment of the Centre for Tomorrow's Company in 1996. Its aim was to inspire and enable companies to be globally competitive through applying the inclusive approach which regarded all stakeholder relationships as important. The Programme Director, Mark Goyder, was a protégé of Handy's; Handy himself had been influenced by the thinking of Goyder's father George who developed the idea of the Responsible Company and campaigned for a change in company law a generation earlier. Tony Blair was impressed by stakeholder thinking, and Section 172 of the 2006 Companies Act requires directors to at least 'take into consideration' the interests of stakeholders in their decision-making. This is their first ever mention in UK company legislation.

Thirty years further on, it cannot be said that the ideas of Handy and Goyder (father and son) have clearly prevailed. There is much in today's capitalist world which indicates that shareholders still rule OK. But this view mingles and competes with alternative views of capitalism: corporate social responsibility, social enterprise, the rise of the B corporation and impact investing are all significant movements that bear witness to Charles Handy's lasting influence.

Changing Patterns of Work

Handy's other major contribution was to foresee the way in which organisations were changing and to suggest ways in which the individual could prepare for this and embrace a more satisfying life. He did this in two best-selling books with intriguing titles: *The Age of Unreason* (1989) and *The Empty Raincoat* (1994; published in the USA as *The Age of Paradox*). He foresaw the emergence of the *shamrock organisation* which has three integrated leaves: core workers or employees,



freelance workers paid for project or contract work, and part-time or temporary workers. Handy paid particular attention to the freelance workers, for whom he developed a special catchphrase, the *portfolio lifestyle*. He explained the phrase thus: 'A portfolio is a collection of different items, but a collection which has a theme to it...A work portfolio is a way of describing how the different bits in our life fit together to form a balanced whole'.³ The portfolio lifestyle is a phrase now used of the person who is based at home, works not for one employer but provides a service to a variety of parties, mixes fee work with free work, and often builds in a decent amount of time devoted to family, friends and leisure activities.

Again, this is a world we readily recognise, at least in the West. The portfolio lifestyle is one now being pursued by increasing numbers of people, especially those who have come to the end of their time in a 'core' job. For some it is a way of easing gradually and gracefully into retirement between, say, the ages of 50 and 65. For others it is a lifestyle consciously and deliberately chosen much earlier in their careers. The pandemic accelerated the trend, but these organisational and occupational developments were being set in motion at the time Handy wrote his key books.



St George's House Windsor

Photo: lab.future-iq.com

A Christian Perspective?

How should Handy be evaluated from a Christian perspective? First, it is interesting to note that he himself seemed to operate on the margins of church and Christianity. A son of the manse, he avoided statements of dogma or theological pronouncements. His attitude to the church was perhaps akin to that of Winston Churchill, who said that he supported the church as a flying buttress on the outside rather than as a pillar within. But Handy was certainly interested in the church as an institution, and *The Age of Unreason* begins with his recounting an incident from the 1980s General Synod. He also played key roles for a while in two institutions that have a distinctly religious flavour: the discussion forum St George's House Windsor, of which he was Warden from 1977 to 1981, and Radio 4's *Thought for the Day*, to which he was a regular contributor for

many years (his collected *Thoughts for the Day* were published in 1999).

Handy's interest in how the world was changing, particularly the world of work, means that the word 'prophet' is often applied to him. He was good at reading the 'signs of the times'; he was a man of enormous discernment. Few of his insights are stunningly original, but he was adept at coining clever phrases to communicate them. He did so in a gentle and persuasive way. While he was clearly critical of much that went on in the corporate world, Handy's style is never bombastic. He shows a sympathetic understanding of how different people tick, a trait to which Christians should surely aspire. He appreciated why change is often confusing and difficult to accept. There are many people now retired who have cause to thank God that Handy helped them to make sense of the era through which they worked, enabling them to enjoy a more fulfilling second

half of their lives. His concern that a company's purpose should include all its stakeholders is also compatible with Jesus's all-embracing view of 'love your neighbour as yourself'.

This tribute to Handy would not be complete without mentioning his wife Elizabeth. Charles frequently testified to her influence on his life, and how she often advised him at key moments. Elizabeth was a talented photographer and she provided the photographic portraits for an attractive book on which they worked together, *The New Alchemists* (1999) in which 22 leading entrepreneurs or makers of things new, including Richard Branson and Terence Conran, were profiled. Sadly, Elizabeth died in a car crash in 2018. Charles outlived her by six years, but remained active until his death. The final book on which he was working, *The View from Ninety: Reflections on how to live a Long, Contented Life*, is due for publication this summer. 📖

1. Charles Handy, 'What is a Company For?', *RSA Journal* Vol CXXXIX, March 1991.
2. Charles Handy, *The Empty Raincoat: Making Sense of the Future*, Arrow Books, 1995, p.143.
3. Charles Handy, *The Age of Unreason*, Business Books, 1989, p.146.



Richard Higginson was Director of Faith in Business at Ridley Hall from 1989 until his retirement in 2018. He has recently stepped down as Chair of Faith in Business. He is a founder-editor of FiBQ and the author of several books, including Faith, Hope & the Global Economy and (with Kina Robertshaw) A Voice to be Heard.