CBS COPENHAGEN BUSINESS SCHOOL
HANDELSHØJSKOLEN

# Organizing Process

## Competency and Change in Public Sector Work Practices

Hull Kristensen, Peer; Bojesen, Anders

*Document Version*
Final published version

*Publication date:*
2005

*License*
CC BY-NC-ND

*Citation for published version (APA):*
Hull Kristensen, P., & Bojesen, A. (2005). *Organizing Process: Competency and Change in Public Sector Work Practices*. Department of Business and Politics. Copenhagen Business School.

Link to publication in CBS Research Portal

**General rights**
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

**Take down policy**
If you believe that this document breaches copyright please contact us (research.lib@cbs.dk) providing details, and we will remove access to the work immediately and investigate your claim.

Download date: 26. Apr. 2024

International Center for Business and Politics

Working Paper No. 10.

Copenhagen Business School
HANDELSHØJSKOLEN

International Center
For Business and Politics
Steen Blichers Vej 22
DK-2000 Frederiksberg
Tel. +45 3815 3585
Fax. +45 3815 3555
e-mail cbp@cbs.dk

# Organizing Process - Competency and Change in Public Sector Work Practices

*Peer Hull Kristensen and Anders Bojesen*

Submitted to
The First Organization Studies Summer Workshop
on Theorizing Process in Organizational Research
12-13 June 2005, Santorini, Greece

**Organizing Process - Competency and Change in Public Sector Work Practices**

© Peer Hull Kristensen and Anders Bojesen

Working paper no 10 , 2005
Editor: Lars Bo Kaspersen

International Center for Business and Politics
Copenhagen Business School
Steen Blichers Vej 22
DK-2000 Frederiksberg
Phone: +45 3815 3583
E-mail: cbp@cbp.cbs
www.cbs.dk/cbp

ISBN 87-91690-10-2

**This is a first draft – do not quote**

*Peer Hull Kristensen, Professor*
*International Centre for Business and Politics*
*Copenhagen Business School*
*Steen Blichers Vej 22, DK-2000 Frederiksberg, Denmark*
*phk.cbp@cbs.dk*

*and*

*Anders Bojesen, M.Sc., PhD Scholar*
*Department of Organization and Industrial Sociology*
*Copenhagen Business School*
*Solbjerg plads 3, DK-2000 Frederiksberg, Denmark*
*ab.ioa@cbs.dk*

# ORGANIZING PROCESS

*"Processes are assembled from flows, directed at flows, and summarize flows"*

- Karl Weick

*"…a viable conception of order must accommodate manifolds of variably similar and divergent entities as ordered phenomena."*

- Theodore R. Schatzki


## Abstract

This paper invites to discuss the processes of individualization and organizing being carried out under what we might see as an emerging regime of change. The underlying argumentation is that in certain processes of change, competence becomes questionable at all times. The hazy characteristics of this regime of change are pursued through a discussion of competencies as opposed to qualifications illustrated by distinct cases from the Danish public sector in the search for repetitive mechanisms. The cases are put into a general perspective by drawing upon experiences from similar change processes in MNCs. The paper concludes by asking whether we can escape from a regime of competence in a world defined by a rhetoric of change and create a more promising world in which doubt and search serve as a strategy for gaining knowledge and professionalism that improve on our capability for mutualism.


## Introduction: Change without an Outcome?

The fin de siècle witnessed the loss of a world of destiny and the coming of not only a world of many possible worlds (Morson, 1994), but also the coming of worlds beyond contingencies. Organization theory had hardly entered a self-reflectory state of contingency (Burns and Stalker; Woodward; Mintsberg), before contingency became contingent of contextuality (Maurize, Sellier and Silvestre; Dore; Whitley; Kristensen and Whitley), and contextuality became contingent of how meaning created such contingency (Weick, 1979). Local meaning seemed to create local contextuality making contingency contingent on the contextuality of processes of mutual commitment that created such contextuality as a way to rationalize itself and thereby create ordering and organizing (Weick, 2001). Rather than seeing structures repeated and reshaped in novel places and situations, observers saw the repetition of patterns beyond space and time as an outcome of the constructing observer watch-walking her own neural circuits and reporting on it without a clue as to how it might

eventually refer to or reflect on the world. Speaking the truth became entirely self-referential and non-sense-making, but in a way in which the only thing that is true is the witness that reminds us about a past stupid state of necessity in man and mind – and yet, not even this beyond all reasonable doubt.

In this world we have all been prepared to and become ready to expect differences and change to such an extent that we find it almost funny, if some observers ask how, "differences make a difference" or how "change compares" to a previous state or – better - situation. Processes of mutual commitment and meaning and of organizing are what is left at the heart of any enquiry into the nature of organizing, even as we enter the architectural forms of an organization, which we know from repeated pains might leave its place while we are studying it. Often the most prevalent memory of an organization is the anxious negotiations to be granted access – and then it disappears – in mergers or divestments, in restructurings or by being out-sourced. When we study organizations we are left with small pieces of situational processes as signifiers of larger patterns, which we hardly dare to construct.

When "change" fills out the content of narratives that simply become metaphors to live by, it seems to steel away also our ability to search for causes or intended and unintended consequences – like black wholes probably would. Organization studies in general have co-constructed this situation by increasingly narrowing its focus to analysing the narrowing field of micro-micro relations of temporally, still more limited situations, no longer analyzing the event for its possible causes or consequences, but rather experimenting with different views that might turn a situation from any other un-reflected moment to an organizing chance (at least as long as it takes to finalize a piece of writing). But always from the conviction that dependent on the perspective – theoretical, methodological, research tradition – it would mean more for our analysis than the moment-situation studied (Bojesen, forthcoming).

And yet, and yet. Organization studies embarking on ruthlessly self-reflective studies of mini-moments-micro-situations are reporting on entirely novel worlds of complexities, discovering aspects of work never reported before, possible and emerging relations among actors almost beyond imagination, engaged in processes, which under certain circumstances – e.g. the intervention of observing OS-students – not only engage in mutual commitment to construct a world of hitherto unrecognized possibilities, but also placing themselves in a world far beyond their expected scope. And by eventually engaging in processes of committed interpretation (Weick, 2001) may create a frame for joint action with the potential for constituting a macro-actor that can enter processes of mutuality beyond the field. Every social and organizing process seems ripe with the potential of becoming instead of momental and situational, monumental and con-figurational.

But as soon the OS scholar leaves that particular field studied as a mini-moment of micro-situations, she becomes surrounded with observers engaged in similar particularistics. And instead of talking about relating their findings, generalizing perhaps across the studied micro-worlds that their encounter allows, they sharpen their ability mutually to reflect on each their observance, particularity, uniqueness and boundedness. And they seem to accept that their possible joint reporting would leave the rest of the world with a "So What" that takes for granted that differences do not make a difference and that changes do not change anything after all. But to do otherwise would leave them in great risk within the larger frame of the OS-community of scholars.

Temporality, localism, contextuality, etc. have become hallmarks for OS-scholars, discriminating them from certain types of self-assertive deductive forms of social science (economics) that may have noticed that the world is new, but approach it in much the same way as they did within their tradition in the old world before it changed to endless processes of little bits of processes of changes.

This is not necessarily a good situation. It seems as if OS-scholars, perhaps among the best professionally to accept the ambiguities, stress and lack of pre-ordained order in the processes of change they are studying, by absenting from the larger discussions, major interpretations and macro understanding leave this to economists and political scientists, who only see which quite predictable movements between pre-ordained dualisms in these phenomena. Disarmed by better information and turned scarlet by reflexive humility, the OS-scholar leaves the space for self-assured voices – and abstain even more rigorously from coming up with clarifying, explanatory and predictory utterances. We disarm ourselves in the ongoing struggle over meaning among social sciences, perhaps also because we could easily look too similar to organization consultants, if we tried to think of how change is managed, what forms of organizations are emerging, etc.

What is truly bad in this situation is that we are de-constructing a possible space for having an experimental un-dogmatic discussion of what is going on and being processed in these multi-field, -sectorial and –level processes of change. A discussion of whether the current change processes and its language is in fact putting elements together that shape a distinct formation (Marx) or a novel figuration of society with novel types of dynamics (Elias), given all the alternative and contradictory modes of interpretation and of acting towards it. Are the processes helping construct new positions of power, do metaphors of change discipline and punish (Foucault), are they changing the dynamics of economy and politics, and shaping novel forms of organizations or focuses for organized action?

This article invites for such an experimentalist endeavour by – in the first place – risking our necks by discussing causes and guessing about directions and possible outcomes. Not to understand the structures that our societies are processing, but rather to understand what

goes on in and comes out of these processes "an sich". Thus, we should distinguish between the notion of structure and the notion of process. Where processes selectively connect multiple events, thus arranging events in a certain way in a certain time; structures on the other hand come about by a pre-selection of possibilities, making some more feasible than others (Kneer & Nasehi, 1997:98). Also, we should distinguish between the *processes* in it self and the *outcomes* of the self same (Chia, 1996). As we will see, there is indeed a big difference in studying the deeming of change or competence in a certain context (outcome) and the processes in which competence is build or changes are created.

In the next section, we first investigate, through two birds eye views of what transformation is all about, how it has been initiated, and what are the prospects. It becomes clear that the world is in a way not only being studied more efficiently from a processual perspective, but is also "institutionalizing" itself increasingly as a process by giving place to doubt and search rather than to rules and routines. We investigate this, then, by taking a novel look on how this change is happening in Denmark where the reorientation seem to have created a novel movement for "competency" that is directly in confrontation with "qualifications" as two ways to make use of knowledge. Then follows a section, where we investigate the logic of competency as a novel way of constructing power, enabling and educating so-called change masters to determine what is right and what is wrong. In the last section we try moving stepwise to investigate whether the new processes of doubt, search and competency give rise to a new regime, where resources of rulers are socially constructed as uncertainty and the right to allocate blame. Through four games of globalization we aim to show how players in this new regime might create a space for exercising competency, in which they resign to a logic of change merely for the sake of change. But let us first take a look at how the characteristics of bureaucracy might be changing.

## Sideshadowing Directions: The coming of a new bureaucracy?

From a birds-eye organizational view, *bureaucracy* has been under attack from many angles and in many a social and economic field. In the private sector, Fordism moved from being a program of modernization in industrial organization to be seen as rigidity and waste in a time crying for flexibility. And the managerialist revolution that used to be associated with technocratic foresight and long term planning, was suddenly seen to cause problems for principal shareholders and as a method for shielding managers from being contested by the market. Whereas bureaucracy in the public sector had been seen as a guarantee of meritocracy, predictable legal decisions and resource allocations that secured civil rights and reduction of favouritism; it became now rather anticipated as a method by which bureaucrats were promoted beyond their skills, created growth for its own vested interests by providing services out of touch with its "customer's" needs to costs without any relations to potential benefits. And while favouritism might be under control in relation to citizens, growth in public bureaucracy created a system of unlimited internal favouritism for public bureaucrats and professionals. Whereas Keynesianism and Fordism had been previously

seen as the gradual, systematic and unavoidable method for the rationalization of society, organized and administered through neo-corporatist negotiations among bureaucracies that "represented" different interest groups and the state as the "general interest"; the whole fabric came under fire with a neo-liberal and a "new" managerialism turn in the beginning of the 1980s (Saint-Martin, 2000).

Neo-liberalism under Thatcher and Reagan, were seen as the great turn-around in relation to the state. Saint-Martin (2000) has shown how this also marked an intensified use by state-bureaucracies of management consultants, which could extend to a novel sector the introduction of private managerialist techniques that they had been offering for years towards the private sector. However, it is not very clear *what* management consultants were actually transferring and diffusing to the public sector. During the very same years as the public sector was opened up for consultants, private sector management underwent recurrent and dramatic changes making consultancy look very much like a fashion industry: Lean-production, TQM, JIT, BPR, turn-around re-engineering, divisionalization-strategy, core-competence strategy, benchmarking, balanced scorecards, etc. These are but a few of the words that run through memory, when re-calling the 1980s and 1990s. This change in the private sector also reflected the growing role of "the institutional equity nexus" in which investment bankers, financial analysts and fund managers engineered the practise of hostile take-overs, broke-up the patterns of self-ruling managerial hierarchies under the banner of "shareholder value" and forced a new game of meeting ever shifting benchmarks on enterprises that were fighting mutually for increasing prices of stocks to engineer mergers and acquisitions themselves rather than becoming their victims. The public sector, no doubt, became a residual market for management consultants, sometimes receiving the advice and systems that could no longer be sold to the private sector and sometimes arbitrarily combined these with some of the most recent and novel fashions. Saint-Martin (ibid) sees it as a building process of "the New Managerialist State", while readily admitting that it is indeed not very clear what this is:

> "The new managerialism encompasses a number of terms which are used more or less interchangeably such as 'new public management' (Hood, 1991), 'market-based administration' (Lan and Rosenbloom, 1992) or 'entrepreneurial government' (Osborne and Gaebler, 1992). These various names reflect differing views of what is occurring, but they all refer to the process by which states transform their bureaucratic arm by internalizing core values and management practises identified with the private sector (Hughes, 1994; Farnham and Horton, 1993)." (Saint-Martin, 2000, p 1).

International organizations as the OECD has helped "mainstream" the content of new public management through specialized committees and helps to identify a number of "techniques" associated with such reforms:

> "… an emphasis on the delegation of authority; a shift from process to results in controls and accountability mechanisms, particularly through the development of quantitative methods of evaluation and performance measurement; the disaggregation of public bureaucracies into managerially autonomous agencies

> whose responsibilities are defined by 'contracts'; and a 'consumerist' bias expressed through a new focus on the quality of services provided to the citizen-consumer" (Ibid, p 2)

Despite these repeated techniques and organizing mechanisms, Saint-Martin demonstrates in an in-depth study of the UK, Canada and France that this reform process has taken on a very distinct dynamic in the three countries dependent on how strongly the consultancy sector was institutionalized prior to initiating the process, how and which powers of the state introduced the reforms and how the more distinct relations between the executive, the legislative and the courts created unintended and unforeseeable contradictions, barriers and possibilities. Though he uses a very self-conscious and assertive name for the direction and outcome of this process (*The* New Managerial State) it is indeed not very easy to synthesize from his book what this *The* actually is "für ein Ding". It might, and probably will, be a very different thing in different countries, and from the more general debate it is becoming obvious that managerialist reforms have served very different ends. In some countries they have led to a radical privatization of the public sector, in others to the demolishing of the welfare state, and in countries like the Nordic they have rather effected a modernization and more effective welfare state. But it is rather confusing why and how they are indeed "functioning", being engaged in endless, sporadic and self-contradictory processes of change.

One of the very few overarching attempts of synthesis comes from Dorf and Sabel (1998) in their pathbreaking work "A Constitution of Democratic Experimentalism". To them, what we are witnessing, is a pragmatic revolution, which first took place in the private sector after the collapse of Fordism with the first oil crisis, and which is now diffusing to an increasing number of public-sector fields.

> "The innovations, inspired by organizational breakthroughs in Japan, but no longer limited to Japanese firms or those in close association with them, are in response to markets that have become so differentiated and fast changing that prices can serve as only a general framework and limit on decision-making. To determine what to make and how, firms in this new economy must therefore resort to collaborative exploration of disruptive possibilities that has more in common with pragmatist ideas of social inquiry than familiar ideas of market exchange. For instance, to establish initial product designs and production methods, firms turn to *benchmarking*: an exacting survey of current or promising products and processes which identifies those products and processes superior to those the company presently uses, yet are within its capacity to emulate and eventually surpass. This benchmarking comparison of actual with potential performance disrupts established expectations of what is feasible. By casting pragmatic doubt on the advisability of current methods, benchmarking spurs exploration of the possibilities immediately disclosed and may lead to discovery of entirely new solutions through investigation of the surprising similarities and differences among the various approaches." (Dorf and Sable, 1998, p 287).

This spurs a process in which the whole and the parts are elaborated together through simultaneous or concurrent engineering, that again triggers a process of error-detection that triggers still more deep-going error-detection and –correction, etc., during which means are

adjusted to ends and vice-versa in an ongoing, unlimited process during which the participating parties/collaborators mutually monitor each others activities to detect failures and deception so that major failures can be discovered, creating – according to Dorf and Sabel - a holistic collaborative process of *Learning by Monitoring.*

In the public sector (in the US) this process is becoming institutionalized as a *directly deliberative polyarchy,* as "citizens and each locale participate directly in determining and assessing the utility of the services local government provides" by comparing this utility with what is provided by comparable localities (Ibid, p 288). Congress authorises and finances such experimental reform-processes locally on condition that the participants "publicly declare their goals and propose measures of their progress, periodically refining those measures through exchanges among themselves and with the help of correspondingly reorganized administrative agencies" (Ibid). Finally the courts ensure that "that subnational experiments fall within the authorizing legislation and respect the rights of citizens."(Ibid).

> "We call the overall system of public problem solving that combines federal learning with the protection of the interests of the federated jurisdictions and rights of individuals *democratic experimentalism"* (Ibid).

In this synthesis the bureaucracy, with its emphasis on routines, rules and detailed, constant regulations and decision procedures, has been turned into a an ongoing process that links a multiplicity of levels, areas and fields into one ongoing process of learning by monitoring an unlimited number of participants into an ongoing, situational direct deliberative polyarchy that seems capable of constantly re-figurating itself, dependent on how participants define the needs, challenges and available means of a situation.

Thus from a world of constantly refining *routines and rules* we are in the midst of a process that refines on *doubt and search*. Doubt in one realm is multiplied to doubting many other related practises. An initial *Why* becomes multiplied across borders and accumulates. In a *foreshadowed time* (Morson, 1994), people become blind to the life in the present. One process of change triggers a cascade of separate change processes that in turn (!) make us blind to the pattern of ongoing processes in its entirety by being blinded by the tiny process in which we are currently involved. And because creation of meaning takes place in relation to the tiny, we may create different meanings of patterns, and thus sideshadow ourselves into more probable futures than an emerging experimental democracy. *Sideshadowing* (Morson, 1994) involves the redefinition of identities, of division of roles, of relations among agents and agencies, of what we therefore organize, of the institutions that enable organizing and delimit it and whether and how we can build social systems that despite unpredictable processes and constant change, reproduce foreseeable patterns of social action and codes of conduct for experimenting. Is it a world with rules of the game and with modes of accountability? Is it a figuration, a new regime?

## Doubting Qualifications and Searching for Competency

One complicating factor in making sense of what is going on, is that sources of change and doubt are very opaque. In Denmark, for instance, learning by monitoring is not primarily institutionalized through a deliberate polyarchy in "which citizens and each locale participates in determining and assessing the utility of the services local government provides", nor is it most often "customers" questioning the services and goods that firms offer that triggers doubt and the swarming of new waves of *Why*s. Central government, often assisted by international organizations (eg. OECD, EU) often trigger such process either by saving on budgets or by using benchmarking exercises to blame shifting public officials for underperformance. In many organizations processes of doubt and change are triggered only indirectly by changes going on in other parts of the public sector, having repercussions on a larger scale, just as competition forces firms independent of the financial community to initiate changes though they might not be directly engaged in practices that create a pressure for this.

Cases of proclaimed organizational change-processes in Denmark are illustrative for this mixture of triggering causes. At the same time they reveal that these discrete processes have become anticipated to fall within the above mentioned broad and general discourse[1] on *competency and learning*, with a different focus than that of Dorf and Sabel's experimental democracy, but with clear overlaps, and with potential important implications for the figuration and regime that will become co-constructed from many various sources.

Four cases of Danish public institutions will be presented shortly with the intention of introducing a platform from where to discuss processes of change and the enactment of competence. Still, what we are looking for is examples of emerging signs of novel regimes. As Flyvbjerg (2004) writes, it is a misunderstanding to think that general, theoretical (context-independent) knowledge should be more valuable than concrete, practical (context-dependent) knowledge or that it is impossible to generalize on the basis of an individual case. Thus, the cases serve as means to the end of stating "the power of the good example" (Flyvbjerg, 1998), rather than presenting them with the criteria of comparison.

*The National Environmental Research Institute* in Denmark (NERI)[2] constitute a quite clean example of how change is said to be triggered from outside the organization. Under a previous government the NERI was greatly expanded jointly with environmental policies and regulations in general. After the shift to a Liberal-Conservative government this sector

[1] By discourse we mean the processes in which differences, similarities and relations are formulated and regulates what is rendered possible, objects, subjects, causes and effects and how they are related, in short what becomes "seeable and sayable", as Townley 1994 puts it, in commenting on Foucault.

[2] NERI is an independent research institute under the Danish Ministry of the Environment. NERI undertakes scientific consultancy work, monitoring of nature and the environment as well as applied and strategic research. NERI's task is to establish a scientific foundation for environmental policy decisions.

was radically reduced also in terms of control, measurements and monitoring, which the NERI was specialized to undertake. Its eight departments were specialized and qualified in different "environments": 1. Arctic; 2. Atmospheric; 3. Freshwater; 4. Marine; 5. Chemistry- and Microbiology; 6. Environmental economics and –sociology; 7. Agriculture and Plants; 8. Wildlife Ecology and Biodiversity. With budgetary reduction, the NERI faced a choice. It could either passively reduce the staff in these departments, which would reduce the qualifications accumulated over many years, making it difficult to provide the same level of services as previously. Alternatively, it could opt for an "active strategy" by selling its services and research capabilities to external clients, thereby maintaining its skills and qualifications. By taking the latter course, it increased the internal pressure on the organization as the active strategy could only be accomplished by joint collaboration among the eight departments. This again has triggered the organization to establish a novel structuring of Work Councils to foster collaboration across rather than within departments and different regional locations. And this change, in turn, has become associated with a change in the "organizational ordering" discourse, which has been asked to move from the issues of Bureaucracy (rights, duties and rules) to such issues as values, visions and strategies, where improved performance is attempted reached through joint commitment, motivation and responsibility. Among the goals are also increased participation and control over one's job, and a good working environment, achieved through a purposeful competence-development. These competencies, however, are rather directed by the ability to make flexible use of cross-departmental collaborative projects-organization, the ability to work in cross-disciplinary teams and to assist in generating visions for how and where the NERI in the future may be able to sell services that is of use (performs well) in the larger society. Competencies thus become a break with the previous drive for specialized qualifications structured by and organized within the eight foundational departments. And the issue of "competency" becomes the means by which this highly complex and all embracing change can and will be processed. An issue focussing on how identities, roles, aspirations and behaviour of individuals can be changed through an experimental development project, creating and diffusing new forms of knowledge. As indicated, a rather trivial problem of adapting to a rather normal situation has gradually become translated into an all-encompassing transformation involving both the constitutional ordering (from bureaucracy to something else) and specialist professional identities into competent performers acting under uncertainty and volatile economic and societal conditions under which there is a constant pressure to ask: How can the NERI become useful for the Danish society?

In another case, The Danish Road Directorate, a process of organizational change has been triggered by a great restructuring of the division of labour among state, regions and municipalities, which will not only challenge the organization of road technology expertise and how it is allocated, but also prompt leaders at these levels to find ways to manage and monitor processes across novel organizational divides. Such leaders have been used to govern quite stable departments with clear technical qualifications and roles, and will now have to find ways to make shifting use of expertise that is distributed in a very different way.

This is bound to produce doubt on many levels and create a similar cascade of questioning as in the case of the NERI.

In yet a number of cases, the process has been initiated from a different angle. A research department of biotechnology at the Technical University of Denmark has initiated a process for the creation of joint projects across existing research groups separated by sub-disciplinary specializations. Their goal is to explore what "competencies are" and what competencies they will need in order to perform better towards society, while simultaneously banking on the potential synergies that exist between the current research groupings. A general idea, as in the NERI case, has been the development of *transdisciplinary* competencies to benefit the organization. The Centre for Higher Education in Copenhagen similarly has initiated a process that will try benefit from initiating synergetic collaboration among internal *knowledge centre consultants*, by creating action learning groups, etc., to experiment with novel ways of gaining new competencies and learning experience. These consultants are in a nexus of pressure from many sources as they, besides teaching part-time, are expected to do research in their specific fields, secure quality control of external collaborators and set up projects to promote and implement the tools and concepts of the Centre to partners and customers (eg. local municipalities).

Across these examples runs the issue of learning and competency. This is hardly a coincidence as the very product these institutions deliver is competence, learning, research, knowledge production, etc. In addition, the mentioned organizations take part in a competency-project, financed by the ELU foundation under the Danish Centre for Development of Human Resources and Quality Management (SCKK). This body is just one expression of how the notion of "competency" has been gradually but widely institutionalized through an incremental process that organizes search, learning and experimentation in the Danish society, expressed in such organizing bodies as the Council of Competency, a National Account on Competency-development, Learning Lab Denmark, etc, etc. (Hermann, 2003, pp. 31-39). Ironically, the Danish word "kompetence" originally meant jurisdiction of decision or office. The new use of the word, however, is associated with reforms during the 1980s towards enabling acts of framework legislation, decentralization, user-boards, etc. It could easily be seen as following in the wake of the Danish tradition stemming from the Folk High Schools, adult education and mass-enlightening, and was simultaneously inspired by significant initiatives in both the UNESCO and the OECD.

According to Hermann (2003), the development of the "competency and learning" debate has lead to a direct confrontation with the notions of "qualifications and teaching" almost to the same degree as concepts like self-development and life-long learning has prevailed over "enlightenment" strict educational methods (e.g reformatory schools). Like doubt and search versus routine and rules constitute two opposing logics, competencies and learning versus qualifications and teaching belong to opposing "regimes" or modes of knowledge.

The scheme illustrates the two fundamentally different modes of knowledge. There is nothing novel in this. Gibbons et al. argued already in 1994 in "The New Production of Knowledge" for supplementing and extending the 'traditional' knowledge production displayed in the qualifications column (what they called mode 1) with a mode 2 very similar to the way knowledge is being produced in the competencies column. This shift in knowledge production, or at least the coming of two very different ways of producing and valuing knowledge, has substantial implications for the organizing of processes in organizations. In the traditional view, authoritative true knowledge was the domain of science. Universities, research institutions etc. was *the* place where (authoritative) knowledge was being produced. Today, Gibbons et al, Hermann and others characterize a society where research is detached from the isolation of science, knowledge has been detached from the truth, (with capital 'T') (Gibbons et al. 1994, Herman 2003). Instead many local truths are being proposed, the *performative* aspects of knowledge production and the social practices of research are stressed.

| **Qualifications** | **Competencies** |
|---|---|
| Accounts | Problems/challenges |
| Science/Knowledge | Knowledge creation |
| Discipline (proffessionel standards) | Trans-disciplinarity |
| Educations /Research | Learning Organizations Learning environment/action research |
| Teaching/instruction | Learning / constructivist thinking |
| Professional relation – knowledge is the authority | Individualised relation – development is the authority |
| Professional subject-object relation | Individual subject-subject relation |
| Qualifications – something you possess/have | Competencies – something you are/act out |
| Occupations | Individual profiles (Personal skill cards) |
| Companies / institutions (sectors) | Projects in organizations |
| Job/office (public servant): really good | Tasks (free agent): good at the right thing |
| Reproduction/accumulation | Transformation/innovation |
| External authorities (eg. metaphysics, philosophy of history) (measures) | Social constructivism (unmeasurable) |

Source: (Hermann 2003:49), translated from Danish

Whereas Dorf and Sabel (op. cit.) challenges the segmented and sectorized state-form of New Dealism by blaming it for incapability in creating public services that are needed, the Danish debate is much more focussed on a critique of science based experts taking office in bureaucracies. The assault on this "figure" is quite stigmatizing:

> "A nerd (over-specialized person) is blindly absorbed in his or her professional project – forgets the context, has no sense of occasion, neglects social relations, and leaves out self-reflection: the nerd does not thematize himself or herself through an emancipated personal identity but through absorbing professionalism. In our culture, the nerd does not acquire qualifications that integrate with and affect the personality; rather qualifications are distortive and mark an external appearance and something superimposed. With a little more ambition you could say that the nerd is not educated, but missocialized." (Hermann, 2003: 51-52).

This assault on qualifications is based on the view that traditional scientific knowledge cannot be trusted and may at the same time binds its holder, which becomes less mobile, flexible and resistant or reluctant to change. Qualifications are associated with "narrowness" (Ibid, p 41). Competencies points in a radically different directions:

> "Social competencies replace and modernize, for example, the idea of following certain rules, being normal, and complying with certain regulations. Change competencies constitute also an attempt to avoid making positive the direction of change, but merely ensure readiness to change." (Hermann, 2003: 51).

In the case of the Road Directorate (operations department) we can find a clean example of the shift from qualifications to competencies. As the complexity and specialization of tasks and projects increased, the need for specialization in work performance grew accordingly. The chosen strategy was to create a rather extensive training program on the "competence of ordering" for all managers. The overall aim was to be able to outsource the management of contracts to a limited number of consultancies and hand over the building and maintenance of roads and bridges to a larger number of contractors and sub-contractors. The task of the Road Directorate staff is to manage and order the competencies and labour needed, *not* to perform the work themselves. "The competence in ordering" is an example of a competence developed to ensure readiness, transformation and innovation, not re-production or accumulation in the traditional sense.

Competencies are thus not easily defined, they cannot be taught neither in universities nor through apprenticeships, but must be cultivated through a radical change in work, management and organization:

> "If competencies are not merely professional, but also human and, not the least, personal, they are naturally related to the concept *of the whole employee involved in developing work* that must be managed with respect for the whole (i.e. emphatically, motivating, caring, etc.). We thus have a transformation from management determined by profession to professional management that cannot be professional in the Taylorist sense, but must replace or at any rate supplement plans and rules with value management, vision management, etc. …The organization must be flexible allowing these competencies to develop through diverse interpersonal relations (e.g. teams) various positions, various practical rooms of learning undertaking different tasks. If competencies are broad and not only tied to mastering a profession, neither can organizing be along the traditional functions and professional distinctions (e.g. academics, technicians, clerks)" (Hermann, 2003:39).

Following this argumentation, it is interesting that the above mentioned competency-project sponsored by the SCKK, has made it prerequisite that the competency development pursued should focus on highly skilled academic staff. If competence, as has been stated above is social and relational (Hermann op.cit.), it might be problematic to isolate competency development for academics in a research institution like the NERI from their mutual engagement and daily task solving with administrative staff, technicians etc.

In Denmark, the focus of change, competencies and learning, becomes naturally associated with how people work, but in such a way that doubt is transferred also to question the role of professions, universities, unions and other bodies that have served to organize knowledge in the pre-knowledge society. Observers that ask what goals shall eventually guide such wide-ranging transformations, risk reveal their ignorance as this question will naturally be referred to the question of competency and what *the whole employee and the developing work* enable in terms of projects by which society gets socially constructed. But the logic of competency and learning is also able to explicate a telling answer to this question:

> "The learning thematized today is not including these ultimate objectives. Instead it has an endless (non-goal-directed) development that never stops. Development cannot be guaranteed by external, suprahistorical or collective bodies that single out a finiteness or a progress, but remains an individual and open question. In this sense the concept of development is tied to the modern (self)education project. Man creates himself in his own image and not in that of God, nature or the nation. Modern existence is about development – being is continuous development." Hermann, 2003, pp. 52-54).

In a comprehensive study of the historical development in the notion of the civil servant in the Danish public sector (Andersen & Born 2001 & Andersen 2002) showed how displacements in concept of competence install novel ways for the individual to present himself as competent and willing to change in accordance with the organizational logic at stake:

> "Having responsibility is passive and reactive. Assuming responsibility is to adopt the ideas of transformation and see one's tasks from the perspective of the organization. Assuming responsibility means, first of all, assuming responsibility for the development of the organization, which is expected to manifest itself in terms of a richness of initiatives, a desire for development and a commitment." (Andersen, 2002:8)

What is expected from the civil servant is that she is willing to take up the responsibility for own development and training, act it out and align it with the overall strategies of the organization. Competency measures to the degree that they allow persons to be *performative* in the situations in which they participate so that they can manage their behaviour according to a current social landscape of "players", which to Hermann is: interest organizations, NGOs, the state, and enterprises (Ibid, p 54).

Interestingly, in this account we are very far from the perspectives of Dorf and Sabel who include in their vision of a new constitutional order allowing the "fabric" of society to provide civilians with increasingly relevant public services. Instead focus is on the institutionalization of an ongoing cultivation through new work practises and professional management of change-ready individuals with an outspoken seemingly narcissistic orientation.

Maccoby (1999) has reported on a similar transformation of social characters from the *Bureaucratic* to the *Interactive Social Character*, a transformation that shows many similarities with what is attempted through institutionalization in Denmark. Where the bureaucratic character would have stability, hierarchy and loyalty as an ideal, the interactive character stresses innovation, networks and free agencies. We are witnessing a shift from a character living within and helping maintain relative stable structures to one that is participating in endless processes, the outcome of which is focussed on self-development.

Ironically, it becomes crystal clear by these attempts to understand the larger picture that it is part of the pattern *not to see,* nor to look for the larger pattern, structure or overall development. In this way the fragmentation of organization studies as mentioned in our introduction is in perfect tune with the coming of competency and of the interactive character as both thrive on contextualized lived experience. Seemingly this is a world in which freedom is a right to sail with the winds and try capture experiences that pose novel challenges to effect individual growth. Thus Maccoby fears that the largest threat to the new world of organizations consists in the paradox that for the Interactive Organizational Character to take responsibility for the "system" or "organization" is self-contradictory, because she or he is basically a self-developer and –marketer with nothing real to teach to others and probably being burnt-out, when coming of age. This, of course, creates a significant and distinctive form of equilibrium, as those who have travelled a long route of self-development turns out much weaker than those who are about to initiate their journey – empowered – at least – with curiosity and commitment, at least for their immediate life and their networks. Consequently power rests with the powerless, and burns out its holders as it accumulates.

Such a stipulation, however, is nothing less than wrong. The issue of power is also a part of the very process of transforming from the world of bureaucracy, qualifications, rules and routines to one of competency, learning, doubt and experimental search. Not only on a discourse level, as in the case of competence overlaying qualifications, but also on a day-to-day level of action in organizations. In the next section we will look into how power is constructed in the changing world of competence, learning, doubt and experimental search.

## Novel ways of constructing power

In the NERI case mentioned earlier, one of the most important competencies was transdisciplinarity. Though it might be the case that new processes of organizing the daily work can empower people participating in these processes (e.g. members of a work council who now gets detailed knowledge about the strategic plans of the organization), there is also a lot of management hype (Nohria & Eccles, 1992) about concepts like 'competence' and 'change', and when coupling these to transdisciplinarity might cover up for underlying intentions or powers:

> "The problem with transdisciplinarity is the following: precisely because it is so universally acclaimed as something positive, everyone believes it can be brought about just by aspiring to it. A closer look, however, reveals that much which is thought to be inter- or transdiciplinary in reality amounts to a mere accumulation of knowledge supplied from more than one discipline" (Gibbons et al., 1994:28.)

According to Gibbons et al. there should be more to the 'trans-disciplinary' than 'mere accumulation of knowledge', with reference to the confrontation between qualifications (reproduction or accumulation of knowledge) and competence (innovation, transformation of knowledge), but there are also an underlying theme of power at stake here. Interestingly, 'discipline' implies both the 'practice of making people obey rules and standards' and 'a particular area of study'. Thus, transformations like the one from qualifications to competencies is one example in which both social groups and individuals are disarmed from their normal tools for fighting for social space. Embarking on specialized educations, which professionalized groupings had previously positioned in private and public organizations, would in the past bring the individual to an office, where he and she again could fight for the reputation and importance, the social space more broadly, of the profession. A comment from one of the knowledge centre consultants at the Centre for Higher Education provides a good example. At a seminar where the consultants discussed the strategic development of new target areas (competence fields), one of the participants commented on the process of establishing a Centre for Higher Education through merging several colleges of education:

> "The *major* contribution of the creation of the Centre for Higher Education to the employees is that they now have well-developed strategic and political competencies in navigating, putting things on the agenda, etc." (Fieldnotes, 21.09.2004)

The expressed competence of *individuals* to manoeuvre around *strategically and politically* in the organizational morass is to some extent ironic, as the overall communication from management and other parties stresses the aim of creating common knowledge, thus emancipate the powers of the employees by connecting and engaging them across disciplines and creating an environment where the fruits of effective and innovative networking and collaboration will be harvested.

By de-legitimizing previous forms of expertise and favouring the new competency, power is suddenly being "stolen" from several generations of scientists, bureaucrats and professionals and handed over to whom? That is a very important question. But before we can deal with a question like who is moving towards positions of power, we should bear in mind the learning issues from the previous section. We must "analyze power as a capability to constitute a game (field), in which one can gain access as a performing player" (Andersen et al., 1995:87), as the debate between qualifications vs. competencies showed. Stating power in this way is qualitatively different from the behaviouristic notion of power as the possibility of forcing ones own will upon the behaviour of the other (Weber, 1922; Dahl, 1962). The notion of power we are advocating focuses on the *execution* or *performance* in which demarcation lines are being formulated and *fields of action* constituted (e.g. Bourdieu &

Waqant, 1996). This conceptualization is to some extent in alignment with Foucault's notion of power. But while Foucault suggests we should be searching for the micro-relations between the individual and the social (processes of individualization), we want to extent this notion to also encompass an over-individual level, e.g. the relations between organizations and governmental bodies, networks of different actors and fields (what we might call processes of organizing).

In the competency-debate it is often taken for granted that nobody is gaining power at the cost of others and that it is simply an empowerment of all that is going on with the turn to competency, the holistic individual and the developing work-organization. In this respect Saint-Martin (2000) makes a difference and is probably right in pointing towards a new nexus of powerholders. New roles and positions of power have been captured by consultants, re-educated managers, entrepreneurial front-runners and enthusiasts among newly recruits to enterprises and public institutions. They are not only happy individuals, who had the right personalities, when the world of globalization and of restructuring and flexibility called for a new behavioural code and world view. As active net-workers they could join forces and act in a concerted way in transformative processes, when normal routines of concertation, coordination and control in state, interest-organizations and firms eroded, partly by the critique they raised and the projects they carried out. In this state of emergency, nothing could prevent such figures from using their networks among light-minded to deploy favouritism to gradually enlarge their hold over an increasing number of public- and para-private institutions, get funds allocated for their projects, despite lack of scientific soundness, or to get their followers placed in strategically important positions in public and private bureaucracies, where they may initiate or participate in new waves of enthusiasm (Larsen, 2003) and processes of change for the sake of processes of change. Certainly, we are not living after the End of Ideology (Bell, 1973) but in the midst of a very new form of ideology and see the rise of a new class.

Such self-appointed "Change-masters", named after Rosabeth Kanter's famous book (1985), have not only fought themselves into prestigious positions as individuals and through favouritism guaranteed themselves a larger piece of budgets than their qualifications and expertise would probably have granted them in a previous period. Politicians and "the institutional equity nexus" (Golding, 2001) have created for them a privileged social space in an increasing number of organizations and institutions due to dramatic changes in the political and financial systems. And simultaneously change masters themselves have organized courses and even new educational institutions (e.g. for Chaos-pilots in Denmark) to enable growth from a small movement to an army of reformers.

Thus the SCKK-competency projects described earlier are aiming at making change-masters out of academic professionals: environmental researchers and technicians, engineers, teachers and senior researchers in biotechnology. To recapitulate, the four projects:

- Implementing new roles in work councils and the management system (National Environmental Research Institute)
- Educating/preparing a new management team for public sector reform (Danish Road Directorate, operations dept.)
- Training knowledge centre consultants for marketisation, knowledge sharing and quality management (Centre for Higher Education)
- Create a common understanding of how competence can be brought into action inside and across research groups (Department of Biotechnology)

Thus in these four projects it can be studied how four consultants engage enthusiastically with the target groups of each institution to convince them that they must change roles in order to be in tune with their time. Surprisingly these projects, on the one hand, insist on the active participation of employees, but, on the other hand, insist that managers as change masters must establish and cultivate a certain kind of leadership, to ensure that their colleagues and employees begin choosing projects and ways of working that are in line with the strategy of the institutions and the shifting demands of the political or economic context. A process then, paradoxically, implemented by deploying modern and fairly elaborated forms of team-building techniques (e.g. action learning, mentoring or appreciative enquiry). The staff of the leaders/target groups in the projects must learn to work along lines of enquiry that are trans-disciplinary (!) and oriented toward the shifting issues of search of the political-economic environment rather than guided by the local best practices established over many years or by international research-frontiers of their discipline, while the leaders/target groups in the projects shall translate shifting demands and expectations of the environment on to their institutions to change the orientation of its personnel. In such projects, the participants are talked into the role and language of being "change-masters", while the resistance they will meet is grouped as "change-adversaries" – the vast majority that must be overcome, convinced or forced to make changes under the guidance of their new masters.

It thus becomes crystal clear that two opposing logics are struggling here, both within the system and even within participants themselves. And this struggle becomes a polyphony of voices within the single change-master when she return to her lab, office or daily working practice and initiates changes with all possible variant forms of compromise. No wonder then that it is very difficult to mutually rationalize among them to construct aims and orientation, but only to engage in processes of change.

The change-processes at the *Danish School of Design* is a good measure for how the socalled "Bureaucratic" personality suffers from the new-gained power of Change Masters, the interactive personality and the new competency-aspirations by becoming stigmatized as change adversaries and allocated to a ghetto of conformists, if not being sacked outright. The

government has for a long period stimulated the School to become a University. However, it has developed from craft-traditions and the technical school system to become a highly recognized educational establishment for educating young designers within clothing, cheramics, furnitures, metal-working etc. following the highly reputed tradition of Danish Design. Material-based workshops constitute the core of the school, why its students is being envied by design-students from many a country. Teachers primarily work part time together with jobs as practising designers. Students work on projects and finishes with a major design-project, evaluated by commissions constituted by mixtures of teachers and external designers. Subsequent Change-Masters have been appointed by the Ministry of Culture to change the school and make it more research-oriented and scientific to allow for re-classification as a university. Teachers and workshop-assistants (often artisans or designers themselves) have engaged themselves in these processes in a fairly open-minded and curious fashion. And yet these processes have continuously lead into conflicts, where the artisans, designers and artists have been overruled by masters with little feel for the multitude of qualifications, practises and aspirations among its staff. Where the teachers and workshop-assistants have been trying to formulate research projects and profiles on top of their practise as artists, artisans and designers, the Change Master have tried to formulate research-themes and recruit PhD-students looking very similar to those found at the Royal School of Architecture, within sociology and at the Copenhagen Business School, believing that such a profile will constitute the competency needed to compete with these other organizations and institutions for funding from similar research councils and programmes.

To accomplish this transformation, the Change Masters have cut back on teachers and workshops to finance the initial investments in PhDs, who, it is believed, will in a not too distant a future be able to apply for grants and enable the School/university to grow and excel along a novel trajectory. This strategy has been accomplished by unending discussions and processes of change casting doubt on nearly every corner of the established practises to such an extent that (what is left of) the old core has been unable to maintain their business and accomplish even the most necessary tasks. What is left of the old core is only rudimentary elements reminding them about a glorious past, whereas the research-department is growing, yet obviously restricted by a widespread feeling that many of those recruited are where they are because they did not qualify entirely for PhD-projects at "real" university-departments. The original core through this process, however, lost any surplus and enthusiasm that could have allowed artisans, designers and artists to cultivate their own doubt about their own practises and to organize search for alternatives to their current methods, materials and solutions. They rather constitute a ghetto, stigmatized as traditionalists deprived of their former self-esteem, being surrounded by highly praised, often less than excellent, researchers that are imitating the practises of PhD-students at the real universities. Paradoxically, this old core are formally integrated into formal bodies, committees and project-groups set up to organize the change and collaboration among the segmented parts of the school, so that they through team-building processes is forced to take on points of and world views that lead to their own stigmatization as the change and restructuring process continues.

Of course the Danish School of Design and the excerpts from the four competency projects are distinctive cases, and thus illustrative of the general process, with its general stigmatization of persons with a professional type of idiosyncratic search, and a change to a more standardized, easily to recognize and understand type of doubt and search. Competency could be said to be the ability to formulate doubt and search in such a way that it conforms with what the larger society – in particular the body politics and the business elites – think and believe are major questions. Thus Change Masters seem paradoxically to employ routines and rules as to how doubt and search must be performed and exercised. What count as doubt and search is what politicians, top-officials, business managers and networks of Change Masters consider competent doubt and search. It must be understandable to these, otherwise it will be labelled "professional nerdism" and deemed irrelevant. Highly skilled professionals (engineers, senior researchers, teachers etc.) may well be classified as "wrongly socialized" if they do not speak the overall tongue of the competent and instead search for wrong things for wrong reasons. Competence and conformity thus excel together and establish a joint regime, but at the same time the processes of exercising the program establish techniques of governance, which we shall turn to next.

## Sideshadowing possible "regimes"

Competency could be said to be knowledge that is fitting for being able to play the game as it is being played under the continuously changing conditions.[3] And when looking at what goes on in the public sector currently, it is astonishing to see how well it parallels the private sector under the intensified influence of globalization or the discourse on globalization. Kristensen and Zeitlin (2005) by studying a MNC bottom up showed how a number of very surprising games undermined a Multinational from developing promising potentials of globalization, yet institutionalized a regime that hardly no agency or actor could resist and repair, but rather contributed to and became entangled with when engaging in change- and innovation processes. Kristensen and Morgan (forthcoming) shows how these interconnected games can be split up into four distinct games, each contributing in its distinctive way to ordering the world into a worldly disorder. We shortly mention the games of globalization to see how it fits with processes in the public sector.

*The first game*, is a new language game of globalization, where it is important that the literature on MNCs never succeeded in finding a structural solution to the organization of the MNC. The so-called "Transnational Solution" by Bartlett and Ghoshal (1989) was a non-solution from an organization structure point of view, but provided a "mental map" by which top-managers in such enterprises have been given the right permanently to balance between different forces of the MNC, to accept and live with ambiguity and to do frequent large scale re-structurations to their liking. The general effect of this discourse among the

[3] This way of putting competence seems well in accordance with the view on knowledge from Pierre Bourdieu (1992) as what is recognized as legitimate in the symbolic struggle for the right to designation

corporate elite and the financial community, the so-called "institutional equity nexus" (Golding, 2001), is that it becomes a sign of corporate leadership, initiative and entrepreneurship to undertake frequent restructuring initiatives. This behavioural codex has furthermore the advantage that it will often create headlines in the financial press and therefore potentially becomes a source of increases in stock-prices. Such frequent re-structurations, which traditionally would have looked as signs of failure and uncertainty, thus have become self-legitimizing and is seen as expressions of decisiveness on the part of executives, allowing them mutually to struggle for position and for gaining a higher rating on the market for top-executives.

It is easy to see that politicians and top-official of the public sector are placed in a similar relation to the public as mediated by mass-media. Large scale re-structurations creates more enduring attention from the press and what matters is to engineer a problem, an issue or a scandal that puts politicians and their resort in focus as change masters. Such "campaigning" (Pedersen, ????) might not only lead to re-election, appointment as minister but also promotions of officials, increasing budgets for institutions or formulation and institutionalization of new programs. And though all recognizes that it is often very opportunistic agenda setting that happens, this kind of spin has become an expression of capability in leading opportunistic games rather than becoming their victims. Novel campaigns are easy to launch because there is no dominating scientific or professional logic that serves to discipline the discourse.

*The second game* witinh MNCs, is set by the institutional equity nexus. Corporate headquarters are dependent on speaking up their stock prizes by conforming to the changing fashions in business strategy and best practises. Financial institutions and consultancies constantly make novel innovations concerning "best practises" and forces headquarters to change strategies accordingly and implement these by constructing novel set of benchmarking and accounting systems. These they enforce on subsidiaries and suppliers by a combination of investment bargaining and regime-shopping, playing out the different parts of the organization off against each others. Those to conform best to measures will be allocated largest funds or suffer less from head-counts and man-power reductions.

In the public sector of the Western world, we see a similar game institutionalized primarily by international organizations as the World Bank, the OECD and the EU. They will invent fast shifting concepts on crucial measures about the comparative competitiveness of nations and its causes and try measure performance across countries. These measures have shifted from growth-factors, over financial fine-tuning of Keynesian demand-management to more neo-liberal supply-economic factors, where the measures seem beyond limit: R&D, education level, flexibility of labour markets, labour supply, level of literacy in primary and secondary schools, etc. Such campaigning are thought to put governments and politicians under pressure, but as in the case of the pressure on corporate headquarters by the institutional equity nexus mentioned, these pressures are passed on by putting different professionals

from public services (doctors, nurses, school-teachers, university-staff, vocational training institutions, labour market institutions, etc.) under blame, as these international comparisons may identify unrecognized problems, offering politicians and top-officials unexpected opportunities for profiling themselves by criticizing and eventually stigmatizing groupings, evading their prior autonomy by novel forms of evaluations and benchmarking exercises. The third and fourth game arise as indirect, partly unintended effects of the first two games.

*A third game* in the private sector, is dependent on the counter-strategies, which subsidiaries as collective actors are capable of constructing given the first two games, mentioned above. Some simply take departure in the benchmarks, investment bargaining and regime shopping initiatives, accepting that headquarters cannot really be negotiated with as structures shifts all the time, why the active struggle for a space is pointless. Such a form of strategizing will gradually develop a very conform subsidiary with very few capabilities for innovation and change and will gradually lose its value for the global family. However, as we shall see, it provides an ideal field for elevating its managers to high positions through fast promotions. The other extreme are subsidiaries, who try to perform well according to benchmarks, but primarily try carve out for themselves a socio-economic space by which they may live relatively independently from the headquarters. To do so they may pursue a subversive strategy, by which they develop new work practices, novel products and new market positions eventually enabling themselves to be freed more radically from the tight limits and shifting fashions of the MNC-headquarter, which they in any case think cannot be trusted as they restructure and shift the names of executive positions so frequently that it is not really a partner to negotiate with. To pursue the subversive strategy such subsidiaries need to extensively turn local workers, enterprises and public institutions into allies and resources, e.g. to foster cheap product-innovations, effective work organization and growth beyond their investment budgets. In this way they become much more integrated with the local economies in which they are embedded than with the multinationals to which they formally belong through ownership. Paradoxically, however, such subsidiaries are much more potent for the MNC in the longer term than are the conformists, which means that the MNC becomes highly integrated with subsidiaries with little long term potential and disintegrates on the parts that hold a promise for the future.

A similar game can be seen in the public sector, too. Institutions that simply accept to follow the unfolding pressure of New Public Management and its benchmarking exercises will tend to strip themselves of any surplus of economic and human resources so they become entirely dependent on delivering in an efficient way the services that change with shifting political situations, while their capability for innovation and change in the longer term deteriorate. Public agencies, however, that are able to connect with external stakeholders and create an increasing interest among the public in enlarging the services provided will tend to become on the offensive, eventually surpassing the benchmarks stemming from the mentioned political process and eventually become benchmarkers themselves, both at the national and international level. As in the case of MNC subsidiaries, it has often been public sector

agencies who has created some kind of partnerships at the local and regional levels with municipal and other authorities and local stakeholders that have benefited from such processes, but to the effect that they become less manageable from the central powers. It may be noted that in such instances, the processes of change may help construct a direct deliberate polyarchy that could change the emerging regime into an experimental democracy.

Characteristically, subversive subsidiaries or public agencies can more easily follow such strategies if they are able to collaborate internally and jointly with the locality in which they are placed (Kristensen and Zeitlin, 2005). They must develop a sense of future mission that is collective and involve all the necessary groups of the plant or the agency, which means that these groupings can see the subversive – and therefore risky – strategy as a common cause for having sub-groupings' aspirations fulfilled. Such a behavioural pattern is very difficult to construct, as it partly depends on having managers that join cause with the subsidiary or service, and that is highly unlikely and up against the institutional logic of managers in the new regime.

*The fourth and last game*, is premised on the two first and is probably the most important for giving us a clue for what the new regime is all about. To a wide degree it has been taken for granted in the private sector that if shareholders found ways to govern top-executives, these again would be able to govern corporations, as the formal structure of the multidivisional form is believed to provide a cure against opportunism, shirking and free-riders (Williamsson, 1975:137). The benchmarking, investment-bargaining and regime shopping game only serves to re-enforces the M-form characteristics providing it with a number of additional governance tools. In the M-form managers of operational units are competing mutually to achieve the highest performance, while top executives oversee, audit, and control them, holding a grip over capital-allocation and the strategic orientation of the corporation. Compared with the holding-company form, the M-form is expected to be less influenced by vested interest of the operational units and therefore better able to function as an internal capital-market. These ideas of the M-form have no doubt created an external institutional pressure of corporations to adopt the M-form and led to its rapid diffusion (Whittington and Mayer, 2001; Kogut and Parkinson 1998) in a way that is clearly explicable by the use of neo-institutionalist organization theory.

However, as Freeland (2001) has shown, even the M-forms earliest advocates clearly saw its possible dangers. Sloan was among the first to see that a grouping of academics with little if any knowledge of an industry would take over power of HQs and lay down major policies without having operating knowledge or experience (op cit: 172). This would lead to lack of cooperation and all sorts of subversive games, which in turn would leave top-executives in a bad position because they could not assess numbers from the perspective of operational knowledge and experience. Divisional and subsidiary managers might learn how to make the numbers "come out right" by manipulating the plans they submitted to the general office

(Ibid:286) and when such a situation occurred an incessant war on numbers would result. Chandler (1994) points towards a similar degeneration from within the M-form caused, however, instead by the mass-education and recruitment of MBAs with such a trust in general managerial skills that they believed themselves able to engage in freewheeling diversification by recurrent waves of mergers and acquisitions. With these general managerial skills and no operational practice, ROI (Return on Investment) became a reality in itself, a language spoken by the executive officers asking for answers that would risk lower level managers adjust data accordingly (Ibid: 19-20) but not necessarily strategies of these sub-units.

Jackall (1988) is one of the few that has actually ethnographically observed managerial behavior in such M-form organizations. He argues that managerial work in these organizations is fragmented and short-termed and therefore bound to produce failures in large numbers. However, usually such organizations do not have systems for tracing responsibility. This does not mean that the organization becomes characterized by decoupling, confidence and good faith, as would have been the argument by Meyer and Rowan (1991:57-59), leading to ceremonial inspection and evaluation. Rather Jackall (1988: 86-88) see large M-form organizations as frequently exercising "blame-time", because failures are provided in abundant numbers. With no system for tracing responsibility, "blame time" gives those in the top the right to allocate blame, which therefore "falls on unwary and inexperienced underlings". This is, in his view, the new form of bureaucratic power and it combines easily with the re-structurations that may be seen as a deliberate creation of uncertainty, which Crozier (1964) saw as the most effective way of generating power in French bureaucracies, but has become a universal resource, given the mental map of the "transnational solution".

Managers in such a system need to take precarious action to protect themselves and will try to make strategic moves that enroll them as members in powerful coalitions. One of the most efficient ways of achieving both is to "outrun their mistakes". The formula is to engineer fast promotions so that they even may be able to allocate the blame for own mistakes on their successors, whereby they can rapidly advance themselves and harm future potential competitors. A good strategy for fast promotion is to play the "numbers game" right. By making promises of short-term improvements and short pay-back periods and by manipulating their jurisdiction to come up with fast improvements in current benchmarks, they may simultaneously get promoted and ruin the longer term potential of a business-area or unit. Jackall (1988:95) goes so far as to call this game the current "institutional logic of the corporation".

One could infer that such an institutional logic would soon become detected by HQ top-executives and consequently be reconciled. Two arguments, however, complicate matters. First, if Jackall is right, top-mangers are at the top because they actually have shown great capability to play exactly such games, and if rules were changed, they might consequently

not be the winners and rulers. Second, with corporations playing the game of the institutional equity nexus, top-executives are only to a limited extent able to learn from experience. As pointed out by Kristensen and Zeitlin (2005), the highest seniority level among top-executives, in the MNC they investigated, was 5 years, whereas the average seniority levels of US MNCs was 2,8 years (check). It is easy to trace the causality behind this: HQ executives will tend to make very favorable promises to the institutional equity nexus in the beginning of a period. It is highly probable, therefore, that they will have to blame someone for mistakes made in the end of the period. Scape-goating top-executives and making formal organizational restructuring are the sacrifices that must be paid to the institutional equity nexus, leading to low seniority among top-executives aggravating even further the tendency for managers not to look beneath the numbers as was pointed out by Freeland and Chandler for different reasons. However, there is a way for top-executives to stabilize the situation and that is to make frequent mergers and acquisitions or sell out businesses so that achievements cannot be compared across official reporting periods. If such a stabilization among rulers is not achieved it becomes nearly impossible to predict for lower level managers which are the protective coalitions and which are not. At all levels of the managerial hierarchy, therefore, it takes a highly developed dexterity with symbols, where innuendo is more effective than direct statements and it helps to speak in a euphemistic language to master the game (Jackall, 1988:36). Perhaps it is exactly this form of competency that is preferred over old fashioned qualification, why it is no wonder that business school students have embraced post-modernism as a suitable new philosophy for preparing them for a new working life.

## Concluding remarks

In this paper we have attempted to come up with possible answers and directions for how processes of individualisation and organization can be understood as something else than mere change for the sake of transformation. We have argued in favour of the OS scholar direct her focus at 'the manifolds of variably similar and divergent entities as ordered phenomena', comprehending 'processes as flows' as in the opening quotes by Schatzski (2001) and Weick (1979), respectively. In the search for a emerging regime we have found that the coming of a world of 'competencies' replacing a world of 'qualifications' might lead to novel ways of producing power.

The change from qualified to competent personalities in the public sector, with its emphasis on generalists instead of experts certainly helps diffuse a type of institutional logic to a regime that may radically change also the notion of bureaucratic power in the public sector. The change from direct, rule bound regulations to "enabling acts" and self-government has reduced the old fashioned accountability systems, so that the allocation of responsibility and blame has become much less rule-bound. Similarly, the tendency to make frequent restructurings both within and between sectors, often with very random or unclear argumentation have opened the public sector the possibility of deliberately creating

uncertainty to create power. The new change masters and integrative characters, of course, highly benefit from these systemic conditions because it gives them a contextuality for exercising their "competency". However, the expertly qualified may not have surrendered as completely as in the private sector, because their expertise is often deeply related to existing interest-groups of industrial and governmental society. In this sense doubt and experimental search can overlay rules and routines, if the proper conditions are established.

Perhaps, in the public sector we observe two interrelated processes of reform, where change masters exercise their novel competency for making reforms and changes at ever greater scale and scope, but where the qualified experts are advocating for a cautious route and sometimes even for restoration. Often this leads to a very unhappy combination of reform-initiatives that lead astray followed by a restoration that again creates failures en masse. Both are increasing the institutional logic of uncertainty, blame and frequent job-hoppers, but not totally giving change masters and integrative characters the regime by which they might rule.

The big question is whether a compromise between the two is possible and whether they can associate during the processes instead of opting each other out by shifting from one unsatisfying regime to the next?

## References (incomplete):


- Andersen, N.Å. et al 1995: *Grænser og magt*, Grus, nr. 45
- Andersen, N.Å. 2002: *Medarbejderens pædagogisering*, MPP working paper 20, København.
- Andersen, N.Å. & Born, A. 2001: Kærlighed og omstilling – italesættelsen af den offentlige ansatte, Nyt fra Samfundsvidenskaberne, Frederiksberg.
- Bartlett, C.A. and Ghoshal, S. (1989): Managing across borders, the transnational solution, Hutchinson, London
- Bell, Daniell 1973: *The Coming of Post-Industrial Society. A venture of social forecasting.* New York: Basic Books
- Bojesen, A. (Forthcoming): Competencies and Context in Organizations, Beta – Scandinavian Journal of Business Research, iss. 1/05, Universitetsforlaget, Oslo
- Chia, R. 1999: *A 'Rhizomic' Model of Organizational Change and Transformation: Perspective from a Metaphysics of Change*, British Journal of Management, vol. 10 pp. 209-227, British Academy of Management, Colchester.
- Larsen, B. & Aagaard, P. 2003: *På en bølge af begejstring – om statsstøttede videncentre og projekter*, Nyt fra Samfundsvidenskaberne.
- Bourdieu, P. & Wacquant L.J.D. 1996: *Refleksiv Sociologi – mål og midler,* Hans Reitzels forlag, København.
- Crozier, M. 1964: The Bureaucratic Phenomenon. Chicago: University of Chicago Press.
- Dorf, Michael C. and Charles F. Sabel 1998: A Constitution of Democratic Experimentalism. *Columbia Law Review*, vol. 98, no 2: 267-473
- Flyvbjerg, B. 1998: *Rationality and Power – democracy in practice*, University of Chicago Press (orig. Rationalitet & Magt, Akademisk Forlag, Aarhus.)
- Flyvbjerg, B. 2004: *Case research*, In "Qualitative Research Practice", red. Seale, Gobo, Gubrium & Silverman, Sage.
- Freeland, R.F. 2001: *The struggle for control of the modern corporation - organizational change at General Motors, 1924-1970*, Cambridge University Press, Cambridge
- Gibbons, M. et al. 1994: *The New Production of Knowledge*, Sage, London
- Hermann, Stefan 2003: *Et diagnostisk landkort over kompetence-udvikling og læring – Pejlinger og skitser.* Copenhagen: Learning Lab Denmark.
- Jackall, R. 1988: Moral Mazes: The World of Corporate Managers. Oxford: Oxford University Press
- Kanter, Rosabeth M. 1985: *The Change Masters. Corporate Entrepreneurs at Work.* London: Unwin paperbacks.
- Kneer, G. & Nasehi, A. 1997: *Niklas Luhmann - Introduktion til teorien om sociale systemer*, Hans Reitzels Forlag, København

- Kristensen, P.H. and Morgan, G. (forthcoming) The contested space of the Multinationals; Varieties of institutionalism: Varieties of capitalism, May 2005 (prepared for sub-theme 36, 21st EGOS Colloquium, June 30-July 2)
- Kristensen, P.H. & Zeitlin, J. 2005: *Local Players in Global Games*, Oxford Univerisity Press
- Maccoby, Michael 1999: *The Self in transition: from bureaucratic to Interactive Social Character.* Read at the American Academy of Psychoanalysis 43rd Meeting, Washington DC, May 14.
- Morson, G.E. 1994: *Narrative and Freedom. The shadows of Time*, Yale University Press
- Nohria, N. & Eccles, R.G. 1992: *Beyond the hype – rediscovering the essence of management,* Harvard Business School Press
- Saint-Martin, Denis 2000: *Building the new Managerialist State, Consultants and the Politics of Public Sector Reform in Comparative Perspective.* Oxford: Oxford University Press
- Townley, B. 1994: *Reframing Human Resource Management – Power, ethics and the subject at work*, Sage publications, London.
- Weber, M. 1922: *Makt og Byråkrati – Essays om Politik og Klasse, Samfundsforskning og Verdier*, Gyldendal.
- Weick, K.E. 1979: *The social psychology of organizing*, 2. ed.McGraw-Hill, New York
- Weick, K. E. 2001: *Making Sense of the Organization*, Blackwell publishing
- Williamsson, O. 1975: *Markets and hierarchies -analysis and antitrust implications-a study in the economics of internal organization-*, The Free Press, New York