

Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.

**KNOWLEDGE CREATION:**  
**A Study of Consulting Practice in**  
**Corporate Governance**

A thesis presented in partial fulfilment  
of the requirements for the degree of  
Master of Management  
at Massey University, Palmerston North,  
New Zealand

*Maria Elisa Peirano Vejo*

2004

## ABSTRACT

The management consulting industry has been growing exponentially during the last two decades influencing the relationships between business schools, corporations and universities, achieving a significant role as a modern “knowledge creator”. This thesis studies the process of knowledge creation undertaken by management consultants. The academic mode of creating knowledge as described by Kuhn (1996) was used to direct this exploration of consultants as a knowledge creating community. The purpose of using the scientific method of knowledge creation is not to compare or to judge consulting knowledge, but to use it as a way of entry to explore consultants’ practices. In a complementary way to Kuhn’s core concepts, a brief Foucauldian overview identified concepts like inclusion and exclusion, discourse and the notion of practices, which are used in the analysis. An empirical research was conducted focusing specifically on a group of practicing consultants in New Zealand. Thirteen consultants who specialize in corporate governance advice were interviewed. Corporate governance was chosen as a field of advice because it is a clearly separable area of management consulting. In this study, the categories of community and paradigm served as a point of entry to explore knowledge creation practices. The data was analyzed qualitatively in search for evidence of community belonging and patterns in consultants’ knowledge creation practices. It has been found that consultants, in spite not having a formal regulating professional body, behave as a professional community that has entry requirements, exit procedures and credentials for belonging. Consultants define their identities in the intersection of overlapping communities, which sometimes include their former educational backgrounds, their professions and their current practice. Research findings show that consultants in governance share a paradigm, which transcend particular consulting firms and reach a larger group of consultants. This paradigm has quality control processes such as reputation and re-engagement, and common methods in dealing with governance problems. In addition, in terms of the body of knowledge shared, there are certain factors that determine the value of that knowledge for consultants such as novelty, commercial value, utility and accessibility.

*To my Grandpa, Abuelo Jorge*

## ACKNOWLEDGEMENTS

I would first like to thank the NZAID program for granting such a generous scholarship that made it possible for me to study. Without it, the achievement of this Master's would have been just an unaccomplished wish.

Secondly, my supervisors Professor Ralph E. Stablein and Dr. Craig Prichard thank you for introducing me into this world that is to do research. I have thoroughly enjoyed the journey and discovered my vocation in it. You have taught me how to stretch in my thinking and I come out of this process truly empowered. Ralph, I am especially grateful for the confidence you showed in me and for your unconditional support.

I am very grateful to the consultants who so kindly received me and accepted to be interviewed, thank you for your collaborative disposition. This research was possible thanks to your willingness to cooperate. I recognize Deloitte's cooperation in this study.

I would also like to acknowledge staff at Massey University that made these two years in New Zealand a wonderful experience, special thanks to Susan Flynn from the International Student's Office, and Professor Tony Vitalis, Catherine, Josie and Brigit from the Department of Management; thank you for taking care of me.

Our Latin American friends and Desiree, you are amazing people that have made our stay in New Zealand the experience of a lifetime. We feel lucky that God chose to cross our paths. My parents and brothers and sisters, all my family, I missed you so much.

Finally, my utmost recognition and acknowledgement goes to you, Matias. Thank you for giving me the best years of my life and for your encouraging support in everything. Lastly, I dedicate this thesis to our baby, still to be born; your existence is a miracle.



## **Table of Contents (in brief)**

CHAPTER 1: INTRODUCTION .....	10
CHAPTER 2: THE BASICS OF MANAGEMENT CONSULTING .....	17
CHAPTER 3: MANAGEMENT CONSULTANTS, KNOWLEDGE CREATORS?.....	38
CHAPTER 4: TOWARDS A THEORY OF KNOWLEDGE CREATION.....	54
CHAPTER 5: METHODOLOGY .....	71
CHAPTER 6: THE COMMUNITY OF CONSULTANTS.....	91
CHAPTER 7: THE PARADIGM .....	112
CHAPTER 8: CONCLUSION.....	144
APPENDIX I .....	154
APPENDIX II.....	155
APPENDIX III.....	158
APPENDIX IV.....	160
APPENDIX V.....	163
APPENDIX VI.....	165
REFERENCES .....	168

## Table of Contents (in detail)

CHAPTER 1: INTRODUCTION .....	10
1.1 INTRODUCTION .....	10
1.2 CONTEXT .....	11
1.3 APPROACH .....	13
1.4 CONTRIBUTION .....	14
1.5 OUTLINE OF CHAPTERS .....	15
CHAPTER 2: THE BASICS OF MANAGEMENT CONSULTING .....	17
2.1 DEFINING MANAGEMENT CONSULTING .....	17
2.2 THE ORIGIN AND CREATION OF MANAGEMENT CONSULTING.....	19
2.2.1 <i>The “first generation”</i> .....	20
2.2.2 <i>Multiplicity of professions</i> .....	20
2.2.3 <i>From the 1960s onwards</i> ... ..	23
2.2.4 <i>The transformation of the industry</i> .....	25
2.3 A LITERATURE REVIEW OF MANAGEMENT CONSULTING.....	26
2.3.1 <i>Current characteristics</i> .....	27
2.3.2 <i>Consultants’ debatable functions</i> .....	33
2.3 CONCLUSION.....	36
CHAPTER 3: MANAGEMENT CONSULTANTS, KNOWLEDGE CREATORS?.....	38
3.1 MANAGEMENT CONSULTANCIES AND KNOWLEDGE.....	38
3.2 CONSULTANTS AS TRANSLATORS? NOT ANYMORE.....	39
3.3 CREATION OF A KNOWLEDGE INSTITUTION .....	40
3.4 KNOWLEDGE DISSEMINATORS OR CARRIERS.....	42
3.4.1 <i>Interaction among carriers</i> .....	43
3.5 KNOWLEDGE CREATORS.....	46
3.5.1 <i>Knowledge management categories: “tacit” and “explicit”</i> .....	48
3.5.2 <i>Consultants’ main sources of knowledge</i> .....	49
3.5.3 <i>Strategies for managing knowledge</i> .....	51
3.6 CONCLUSION.....	53
CHAPTER 4: TOWARDS A THEORY OF KNOWLEDGE CREATION.....	54
4.1 THE PRESENT CONCERN WITH KNOWLEDGE .....	55
4.1.1 <i>The new creation of knowledge: Modes 1 and 2</i> .....	55
4.2 KNOWLEDGE, SCIENCE AND CONSULTING.....	57
4.3 AN ALTERNATIVE THEORETICAL APPROACH.....	59
4.3.1 <i>Kuhnian concept of knowledge creation</i> .....	60
4.3.2 <i>Foucault and knowledge</i> .....	64
4.3.3 <i>Establishing new connections</i> .....	67
4.4 CONCLUSION.....	70
CHAPTER 5: METHODOLOGY .....	71
5.1 SETTING THE SCENE FOR MY RESEARCH.....	72
5.1.1 <i>Corporate governance</i> .....	72
5.1.2 <i>Governance and consulting</i> .....	74
5.2 METHODOLOGY OF THIS RESEARCH .....	76
5.2.1 <i>Research design</i> .....	77
5.2.2 <i>In-depth interviewing</i> .....	80
5.2.3 <i>Sampling</i> .....	83
5.2.4 <i>Data collection and analysis</i> .....	86
5.3 ETHICAL CONSIDERATIONS.....	87



5.4	LIMITATIONS OF THE RESEARCH.....	87
5.5	CONCLUSION.....	89
CHAPTER 6: THE COMMUNITY OF CONSULTANTS.....		91
6.1	THE CONCEPT OF COMMUNITY .....	91
6.1.1	<i>The term consultant and its implications</i> .....	92
6.1.2	<i>Professional identities and community</i> .....	93
6.1.3	<i>Formal institutions and community</i> .....	96
6.2	ENTRY/EXIT (INCLUSION/EXCLUSION ISSUES).....	99
6.3	REPUTATION/CREDIBILITY .....	101
6.3.1	<i>Credentials</i> .....	103
6.3.2	<i>Branding</i> .....	104
6.4	OTHER COMMON DAILY PRACTICES .....	106
6.4.1	<i>Communicating/Presenting</i> .....	106
6.4.2	<i>Reading</i> .....	107
6.5	CONCLUSION.....	110
CHAPTER 7: THE PARADIGM .....		112
7.1	PARADIGM: IDEAS.....	112
7.1.1	<i>Shared understanding of reality</i> .....	113
7.1.2	<i>Normal puzzle-solving</i> .....	115
7.1.3	<i>Shared methods</i> .....	117
7.1.4	<i>Identifying “best practices” or “exemplars”</i> .....	118
7.1.5	<i>Evaluation practices</i> .....	121
7.2	BODY OF KNOWLEDGE.....	125
7.2.1	<i>Knowledgeable practices</i> .....	126
7.2.2	<i>Storage of knowledge</i> .....	131
7.3	“USEFUL” AND “VALUABLE” KNOWLEDGE.....	133
7.3.1	<i>Time, novelty and accessibility</i> .....	136
7.4	RELATIONSHIP WITH OTHER PARADIGMS: ACADEMIC KNOWLEDGE .....	139
7.5	CONCLUSION.....	141
CHAPTER 8: CONCLUSION.....		144
8.1	RESEARCH FINDINGS .....	144
8.2	ASSESSMENT OF THE METHOD.....	151
8.3	FURTHER RESEARCH.....	152
APPENDIX I .....		154
APPENDIX II.....		155
APPENDIX III.....		158
APPENDIX IV.....		160
APPENDIX V.....		163
APPENDIX VI.....		165
REFERENCES .....		168

## List of Figures

Figure 3.1 - The management knowledge industry.....	41
Figure 3.2 - Interaction of managerial fields.....	43
Figure 3.3 - A model of knowledge categories and processes of transformation .....	48
Figure 5.1 - Taxonomy of consultant's population.....	85
Figure 5.2 - Spectrum of the sample according to firm size .....	86
Figure 7.3 - The overlapping of paradigms.....	143

## List of Tables

Table 1 - Main description of large consulting players.....	24
Table 2 - Main description of strategic consulting firms .....	24
Table 3 - Interaction of management knowledge carriers.....	45
Table 4 - A comparison between Kuhn and Foucault.....	67
Table 5 - Taxonomy of consulting firms .....	84

## **CHAPTER 1: Introduction**

### **1.1 Introduction**

The role of management consultants in today's business society is being evaluated under novel perspectives. Within the so-called knowledge economy, where knowledge is considered as a key resource for organizations, fresh questions arise as to what *is* knowledge, who produces it and how it is distributed. Researchers have identified an expansion of the management knowledge industry, which has developed from the increasing need for business information, partly due to the deregulation of financial markets. Within this business knowledge expansion context, the management consulting industry has established itself as a central institution in the interaction with other knowledge social actors such as business schools, media companies and corporations.

Management consulting firms fall within the category of knowledge-intensive institutions. Knowledge production is central to management consultants' advice-giving function, for it enables them to provide advice on particular topics in exchange for monetary return. However, little is known about the processes they use to create this knowledge and its particular characteristics.

The statement that consultants create knowledge is still a much debated topic. Consultants have traditionally been considered 'brokers' of information, "knowledge arbitrageurs" (Semadeni, 2001), or in some cases, translators of academic knowledge. On the other hand, a more recent research approach has suggested that management consultants have developed a role as business knowledge producers. Joining this research orientation, the present thesis sets out to explore and understand the process of how management consultants produce this knowledge.

Among the ongoing research conversations, confusion is generated when what is meant by *knowledge* is not clarified. Coupling knowledge with academic research, some authors argue that management knowledge has escaped the traditional boundaries of universities as the only source of legitimate knowledge (Gibbons et al., 1994). Other actors (like consulting firms) are being portrayed as having achieved a social status of valid producers of knowledge; however, what is meant by knowledge in general is not clarified. Among these debates, the term *knowledge* is used indistinguishably, causing confusion.

The present study of management consultants takes place within this discussion context. This thesis will rely on a Kuhnian (1996) conception of what knowledge is and how it is created. Knowledge is produced and regulated by a professional community; the members of which determine what is meant by useful knowledge. Though Kuhn's theory was developed analyzing a specific scientific community, his ideas were found useful as a tool with which to understand other professional community practices. Management consultants as a professional group will be explored in order to see to what extent they behave as a knowledge-creating community.

## **1.2 Context**

The latest literature available on management consulting shows there is a new research interest in understanding the role that management consultancies play in the process of construction and dissemination of knowledge (Buono, 2002; Clark & Fincham, 2002a; Engwall & Kipping, 2002; Robertson, Scarbrough, & Swan, 2003).

Part of this interest stemmed from a particular group of authors (Alvarez, 1998; Kipping & Engwall, 2002; Sahlin-Andersson & Engwall, 2002b), who were interested in the diffusion of business knowledge through European countries and focused their research efforts on the creation, transmission and reception of management knowledge ideas. A number of projects were

conducted: the European Management and Organizations in Transition (EMOT) in 1992; the Creation of European Management Practices (CEMP), in 1997<sup>1</sup>; and a seminar hosted in California in 1999 by the Scandinavian Consortium for Organizational Research (SCANCOR).

The findings from such projects placed the examination of the carriers and the processes of diffusion of management knowledge on the academic agenda. Up to that moment, management consulting was perhaps the least understood and studied carrier of business knowledge. These authors have managed to shed light on management consultants in a way that acknowledges the social role they play as knowledge creators. This different view has sparked the interest of academics, prompting constructive and critical-oriented research approaches towards management consulting to increase in the last couple of years (Abrahamson & Fairchild, 2001; Buono, 2002; Clark & Fincham, 2002a; Werr & Stjernberg, 2003). This project intends to make a contribution along these lines.

There are widespread cynical views about management consultancy (Micklethwait & Wooldridge, 1996; O'Shea & Madigan, 1997). These authors argue that consulting is mostly about impression management, fashion concepts, and power relations within organizations. There are several academics and practitioners that regard management consultancy in a skeptical manner, suggesting that in a consulting engagement no contribution is made to the client organization. I adhere to Penn (1998) when he chooses not to make such assumptions. My interest lies in how consulting knowledge is constructed and how it differs from other types of knowledge (i.e. academic knowledge). The analysis of the moral or quality values of consulting knowledge is well beyond the scope of this thesis: its purpose is to describe its characteristics in order to help understand how it is created.

---

<sup>1</sup> 'The Creation of European Management Practice' (CEMP) was a special research program sponsored by the European Union. Most of its results were presented at a Standing Working Group (SWG) at the European Group for Organizational Studies (EGOS) (Engwall & Kipping, 2004).

### **1.3 Approach**

Management consulting is an extremely heterogeneous area and from this broad field of study, there is a need to narrow the scale of the project. In order to provide an empirical background for the research, the process of knowledge creation will be analyzed in a specific advisory area of expertise: corporate governance. Corporate governance has been chosen as a sample field to explore the process of knowledge creation because it is a clearly separable area from other types of management consulting. Narrowing down the wide management consulting field, in terms of scale, corporate governance is a small arena that has distinct boundaries. In addition, it is a topic that has stirred a considerable amount of debate and is currently on the international business agenda.

The starting point to explore consultants' creation of knowledge will be through Kuhn's (1996) conception of how knowledge is created. Kuhn provides an understanding of how academics and scientists create knowledge; a process that has been widely studied and observed in the past. This procedure of 'traditional' knowledge creation will be used as a way of entry, as a framework to explore consultants' behavior. In a complementary way, a Foucauldian perspective was found useful for examining consultants' practices. The purpose of this approach is not to state that consultants are academics or scientists, but to use it as an instrument for the study of consultant modes and practices of knowledge creation.

The data analyzed come from a variety of sources. Primarily it was collected from 12 semi-structured, in-depth interviews conducted with thirteen consultants who advise on corporate governance. In addition, secondary data were gathered from the analysis of various consulting firm websites, media and literature available to the public, and from attendance at a traditional academic event, the Academy of Management Annual Meeting, where I attended the Management Consulting' Division symposia and presentations.

## **1.4 Contribution**

Management consulting did not receive much attention from academics until its importance as a professional service institution was well established. It is only recently, mid 1990s, that academics have started to analyze consultants from a more critical approach. However, it is even now a little understood practice. The research stream that explores management consultants is quite diverse. It ranges from normative literature on how to improve the consulting practice (Biswas & Twitchell, 1999; Kubr, 2002), to critical approaches and an effort to provide a theoretical basis (Clark & Fincham, 2002b; Lundberg, 2002). There are many perspectives, authors' range from practitioners (Wooldridge, 1997a) to academics, and the audiences they address are very diverse too. The fact that some academics are engaged in consulting activities adds to the confusion as well.

One unifying attribute of academic research has been its focus on large consulting firms. The literature presents researchers' studies of large firms' internal processes, their engagements with clients, and their social impact as knowledge institutions, all from a large-scale perspective. Mostly studied were the large consulting firms' knowledge creation systems (Ruta, 2004; Werr, 2002) or particular consulting projects (Koch, 2004).

However, management consulting as a practice is wider than just the large consulting firms and medium-sized consulting firms (Buono, 2001). Although some studies have included acknowledgements of the existence of small or boutique-type consulting firms, and of the consultant "guru", almost no research was made on the independent consultants, the individuals -the consultants that are not gurus, or close to gurus "one-man bands" (Wooldridge, 1997b)- but consultants who work on their own or in a small partnership. These individuals also form part of the consulting industry. How they integrate into the consulting practice and how they interact with other members of the industry are issues not usually addressed by researchers. In the present study on corporate governance consulting it is fair to say that the independent



consultants are amongst the most respected in the area, and they probably constitute a significant portion of the market share<sup>2</sup>.

Consultants are especially difficult subjects to study. Diversity seems to be the word that best defines their practice. The complex reality consultants move in constitutes part of their richness and becomes a challenge for the researcher. Nevertheless, if part of their reality is left aside (i.e. ignoring the independent consultant), then our understanding of them as knowledge-producers may become somehow restricted.

The purpose of this research is to explore the practices of consultants with regard to corporate governance as a community in the Kuhnian sense. Through the exploration of their practices an attempt will be made to understand how they function as a knowledge-creating community. By looking at consultants from this perspective, the study provides an adequate framework for which to consider consultants in an integrated way. Whether they belong to a large firm, or whether they work as independent consultants, the notion of professional community is helpful to encompass the entire spectrum.

## **1.5 Outline of chapters**

What follows is a brief outline of the remaining thesis chapters. Starting with the literature review, Chapter Two provides some basic ground for the research. An introduction to the industry and the profession is outlined; its definition and history briefly reviewed, and the main issues are considered. In Chapter Three, *Management Consultants, Knowledge Creators?*, the research is framed as a contribution to the ongoing research conversation. This section includes an assessment of the current literature on the topic and contains a review of the theories and methods employed by other researchers. It aims to provide a background for the upcoming discussion.

---

<sup>2</sup> From 17 consulting firms found in New Zealand, there were 27 consultants related to corporate governance, 10 of them worked independently, on their own.

Chapter Four, *Towards a Theory of Knowledge Creation*, provides the theoretical framework for the study. Current discussions on knowledge, such as the existence of Mode 1 and Mode 2 knowledge are evaluated as they contribute to the definition used. In more depth, Kuhn's conceptualization of knowledge and its creation within an academic community are described. This section develops the use of the author's main ideas as the theory employed to conduct the research. Complementing Kuhn, a Foucauldian approach to the question "What is knowledge?" is developed. Foucault's notion of discourses was found useful as a supplementary tool for the analysis of consultants' practices.

Chapter Five, *Methodology*, describes the setting where the research is situated: corporate governance. The reasons for the selection of corporate governance as an empirical example and its convenience for the present study are explained. In addition, the design chosen is outlined. Two main concepts were applied for the subsequent study of the data: community and paradigm.

The results and discussion section of the thesis are presented together in Chapters Six and Seven: *The Community of Consultants* and *The Paradigm*. The analysis of the data is done in an integrated way with the discussion. In this analysis, the aim of the study is to discover what elements of consultants' behavior and practice contribute to the building of their knowledge. Further, drawing from relevant literature, consultants' practices are explored and discussed. The main contributions and findings of this research are presented in Chapter 8, the *Conclusion* chapter.

## **CHAPTER 2: The Basics of Management Consulting**

Management consulting has been widely discussed in the practitioner literature. It is only recently that academics have started to study consulting practice from a more studious perspective. The literature available on management consulting is diverse and like the professional practice, heterogeneous in its origin and content.

This chapter seeks to define management consulting and clarify the way the concept of consulting will be used throughout the study. It also encompasses a brief history overview on how management consulting as a profession and as an industry has evolved. Although some authors argue that management consulting is not a profession “since it does not have access to a unique, esoteric and defensible knowledge-base”(Clark & Fincham, 2002a), in this research I will consider it as a “professional practice”, that has established itself in spite of not having a professional regulating body, formal quality control structures, or an educational requirement.

### **2.1 Defining management consulting**

Though at a first glance management consulting appears deceptively simple, upon closer examination defining it and determining its scope are complex tasks. The topic has formed the basis of wide discussion, as authors contributing to the literature on consulting come from a range of backgrounds (Heller, 2002). Kipping and Armbruster (1999, p.2) describe the expression *management consulting* as an “umbrella term”. It comprises an extensive range of practices, and even though as an industry it is “relatively young, it is already characterized by a strong heterogeneity of services”. While the term is ripe with multiple viewpoints, this section highlights the central elements of

management consulting to provide a definition that will be used throughout this study.

According to Kubr (2002), *management consulting is a professional service, advisory in nature, provided by someone external to the client organization*. Schein (2002, p. 21), from a different viewpoint, claims that consulting and advice are associated in a *de facto* way, “whatever else consultation might be, advice it is not”. He instead defines consulting as a relationship that implies help from the consultant to the client organization. Some years ago, Steele (1975, p.3) also used the term “providing help” to describe what the process was: “By the consulting process, I mean any form of *providing help* on the content, process, or structure of a task or series of tasks, where the consultant *is not actually responsible for doing the task itself* but is helping those who are”. Clark and Fincham (2002a, p.2) state, “what constitutes management consulting is constantly transforming”, and again this relates to the advisory characteristic of the practice: “while consulting is an advice-giving activity the nature of the advice and the composition of the advice-givers changes over time”. Its changing nature adds up to the heterogeneity surrounding the term.

In the last couple of years, a more critical perspective has arisen. Kieser (2002b) claims that consulting is about selling “time” spent with the client; not advice, not knowledge, not help, but time. Profit is made by this time spent, regardless of what people think they are selling, whether it is advice, help, knowledge, perception of control, or techniques. This definition suggests that the service offered by consulting is not a matter of content but of “perception” by the client (Ernst & Kieser, 2002).

Clark and Greatbach (2002) state that management consultancy constitutes a crucial part of a bigger world which the authors define as “the management advice industry”. Management consultants share this industry with knowledge entrepreneurs, organizations such as business schools, mass media companies and management gurus. This point is brought to the present debate because if any of the mentioned actors decided to trespass into “formal” consulting services, as stated before, there are no limitations or regulations to prevent them. This flexible boundary and low barriers of entry are additional causes

for the diversity of suppliers within the industry. For the purpose of this study, those who provide occasional consulting services, (e.g.; a management professor who provides consulting services) are not management consultants. Further, *management consultants* and *gurus* will not be considered by this researcher to be synonyms, as some authors do (Clark & Greatbach, 2002).

Throughout the present research *management consulting* or *consultancy* will be used as synonyms. Management consulting is also known as *strategic consulting*, or sometimes even as *organizational development consulting*. The term encloses all advice provided in general management, strategic, corporate, organizational or operational aspects of a client's firm. Consulting has been conceptualized as an *advice giving* or a *helping* relationship, and whether this relationship is *objective* versus *perceived*, or whether it consists of a knowledge exchange between the interacting parties or not can arguably be a matter of perspective.

For this research project, management consulting will be defined as a professional practice that provides advice on a particular topic, in exchange for money. Thus, management consultants are professionals who spend most of their time giving advice on a management issue and charging money for it, usually at a time-based rate.

## **2.2 The origin and creation of management consulting**

When looking at the development of management consulting, the literature generally attributes its emergence to a variety of causes. These can be grouped into three categories: 1) it was born from early scientific management, 2) it evolved from a combination of other professions, mainly accounting and engineering; and finally, 3) it started as a supply-driven service, which managed to become a need for modern managers. In reflecting on the historical roots of management consulting, a better understanding of its present scope, strengths and limitations is achieved (Kubr, 2002).

### **2.2.1 The “first generation”**

Several authors trace the origins of management consulting in the United States back to the scientific management movement of the beginning of the twentieth century (Canback, 1998; Kubr, 1986; Ruef, 2002). Pioneering industry consultants mentioned are Frederick Taylor, Henry Gantt, Harrington Emerson, Frank and Lillian Gilbert, and Charles Bedaux, who after making successful discoveries in different areas of the working organization, began charging fees for the advice they provided (Clark & Fincham, 2002a). Though this type of advice was mainly industrial-oriented, it is frequently mentioned as the first steps of management consulting as a profession. This first generation of consultants was concerned with shop floor effectiveness and with improving the productivity of factory processes. Kipping (2002) in his historical account of consulting services classifies this movement as the “first wave” of consulting.

Alternatively, it has been argued that scientific management was not the origin of management consulting: “contrary to popular assumptions, Taylorism was not the predominant influence in the development of consulting firms” (McKenna, 1995, p.56). McKenna (1995) introduces other starting points for American management consulting, mainly the development of other professions and the legal changes introduced by the government that concerned the services offered by financial investors.

### **2.2.2 Multiplicity of professions**

During the 1920s, growing American companies and corporations were faced with increasing needs for “engineering advice” and financial audit and control. Engineers, accountants and even lawyers found that the limits of their professional competencies blurred as they were hired to offer a comprehensive array of services to the corporate client. Usually, these services included valuations, organizational surveys, audits, reorganizations and financial control, among others. Brown (cited in McKenna, 1995, p.53) describes how the vagueness of their professional status caused the employed engineers and accountants to use “multiple credentials to support their claims to specialized

knowledge and professional approval in their efforts to market a new and poorly understood service”. Often, these “management engineers” (later called *consultants*) were employed within the structure of large merchant banks or big financial investment corporations.

During the Depression years, after the 1929 stock-market crash on Wall Street, the *Glass-Steagall Banking Act* was issued in 1933, in an effort to prevent another catastrophic event. The Act impacted greatly upon the activities of merchant banks and investment companies as it forced them to divide their investment and commercial functions, resulting in the following development of a separate management consulting industry (McKenna, 1995). Banks could no longer act as investment advisors (or management consultants) and -at the same time- offer financial products.

The effect of the new legislation was dramatic as it caused a transformation in banking services, and “promot[ing] the rapid growth of independent accounting audits also shaped the institutionalization of management consulting” (McKenna, 1995, p.55). The legislative change created a void, which was opportunistically filled by the emergence of this novel service-provider, “Professionally trained consultants and engineers, often with backgrounds in law or banking, founded the early ‘management engineering’ firms to offer advice to executives on the organization of their boardrooms”(McKenna, 1995, p.52).

Traditional consulting companies such as McKinsey & Co. (founded in Chicago in 1926 by James O. McKinsey) or Booz, Allen & Hamilton (founded in 1914) appeared and dominated what was still a modest market. Although management consulting was gaining ground as an independent profession, the volume and scope of their work remained limited (Kubr, 2002). By the mid-1930s, a small group of prestigious firms had been established<sup>3</sup>. These consultancies serviced mainly large corporations, offering budgetary advice and techniques such as merit-based compensation schemes and forecasting methods (Canback, 1998).

---

<sup>3</sup> Refer to <http://www.careers-in-business.com/consulting/hist.htm> for a brief chronological overview of the creation of the more important consulting firms.

While these changes were taking place in America, no legislation was approved in other countries that separated commercial from investment banking (McKenna, 1995). The slower development of the consulting profession in some countries of Europe and Australia has been recognized as having come from engineering and accounting professions too<sup>4</sup>. American consulting companies began their larger expansion throughout Europe in the early 1960s; their ways of doing business started to be seen as models by their counterpart countries: “For European firms, conservative and jealous of their independence, there is now one common denominator: American methods” (Servan-Schreiber, 1969, p.17). European managers looked upon management tools that American companies had developed as “progress”. Further, Servan-Schreiber, whose popular book sold 400,000 copies in a few months (McKenna, 1997), continues to describe the emergent management consulting firms as disseminators of American management knowledge and practice:

Hand in hand with this industrial penetration is another giant US business taking shape in Europe – the creation of management consultant organizations. The three American consultant firms with European branches (Booz, Allen & Hamilton, Arthur D. Little Inc. and McKinsey & Co.) have doubled their staff every year for the past five years. The Americans are building a ‘market consciousness’ around themselves (Servan-Schreiber, 1969, p.20).

The above-mentioned changes gave way to the “second generation” (Kipping, 2002) of management consultancy development, which ranged from around the 1930s to the 1950s, and focused primarily on “organization and strategic” advice. Consultants served corporations that had enormous centralized structures at the time and helped them to achieve smaller, independent divisions.

The main reasons behind the demand for consulting services are still largely unexplored by researchers. Still, many authors have acknowledged that an intrinsic characteristic of the industry is its supply-driven demand. As Ernst and Kieser (2002, p.47) articulated, “nobody *has* to employ a consultant:

---

<sup>4</sup> For specific examples of consulting development in national contexts, see: Henry (2002) for France; Wallerstedt (2002) for Sweden; Crucini (2002) for Italy; Wright (2002) for Australia, and Kipping and Puig (2002) for Spain.



unlike lawyers or accountants, consultants may be contracted or not”, a consultant’s role is far from being a core need for any company. Wright (2002) addresses this point.

At an initial level, consultancies needed to promote a demand for their services, attract clients, and gain legitimacy as reputable service providers of management expertise. Unlike the established professions, they could not rely on a pre-existing professional mystique and often faced significant skepticism from within the business community (Wright, 2002, p.200).

However, there seems to be little evidence that the consulting establishment was supply-driven (as opposed to demand-driven). It is suggested that management consultants managed to push their services into a market that had not fully expressed such a need yet. Though there is lack of facts on the matter, it may be ventured that by creating their own niche and by seizing opportunities as they came along, the industry was born.

### **2.2.3 From the 1960s onwards...**

The middle decades of the XX<sup>th</sup> Century saw the development of today’s large strategic consulting companies. Examples include: Boston Consulting Group (BCG), Bain & Company, Strategic Planning Associates, Braxton Associates, LEK Partnership, and Monitor Company, which were all born around the same decade and were called “strategic specialists” (Canback, 1998). In the 1960s, another landmark event that modified the shape of the industry was the decision of the ‘Big Eight’<sup>5</sup>, the established auditing and accounting firms, to provide more management consulting oriented services. Kubr (2002, p.34) notes that before, following the consequences of the *Glass-Steagall Banking Act* of 1933, management consulting had long been considered as “incompatible with professional accounting and auditing”. This shift in the business model caused the vigorous promotion of management consulting by the Big Eight “producing 15-20% of their income initially, and gradually more and more”(Kubr, 2002, p.34). By the mid-1980s, the industry was in an

---

<sup>5</sup> The ‘Big Eight’ were the following: Arthur Andersen; Arthur Young; Coopers & Lybrand; Deloitte Haskins & Sells; Ernst & Whitney; Peat, Marwick, Mitchell; Price Waterhouse; and Touche Ross (Stevens, 1981).

explosive expansion phase, and had become one of the fastest growing sectors in the world. Clark and Fincham (2002b) relate this growth to the movement of many advanced economies shifting away from manufacturing activities towards the service sector. The demand for consulting services increased significantly during this period.

The processes of merger and acquisition that the industry suffered in the 1960s continued until the 1990s and beyond, reducing the “Big Eight” to the “Big Six”<sup>6</sup>. This trend is still prevalent today, as we are left with five titanic industry players: PriceWaterhouseCoopers (PwC), Accenture, KPMG, Ernst & Young and Deloitte Touche Tohmatsu. A table showing their main characteristics follows:

*Table 1 - Main description of large consulting players*

<b>Firm's Name</b>	<b>Revenues (2003)</b>	<b>Global Presence</b>	<b>Employees</b>
<b>Deloitte TT</b>	US\$15.1bn	656 offices in 144 countries	190,770
<b>PriceWaterHouse Coopers</b>	US\$14.7bn	768 offices in 139 countries	122,820
<b>Ernst &amp; Young</b>	US\$13.1bn	670 offices in 140 countries	103,000
<b>KPMG</b>	US\$12.16bn	715 offices in 148 countries	98,900
<b>Accenture</b>	US\$11.82bn	110 offices in 48 countries	95,000

(Source: Companies' websites)

However, it is necessary to clarify that there is another world-common classification among the advice consulting industry where the “pure-strategic” players are considered separately. These are known as the ‘Big Three’: McKinsey & Co., BCG and Bain & Co. (Warner, 2003). Among this group, Booz Allen Hamilton is frequently mentioned too.

*Table 2 - Main description of strategic consulting firms*

<b>Firm's Name</b>	<b>Revenues (2003)</b>	<b>Global Presence</b>	<b>Employees</b>
<b>McKinsey</b>	US\$3.0bn (est.)	80 offices in 44 countries	12,000 (est.)
<b>Booz Allen Hamilton</b>	US\$2.1bn	60 offices in 29 countries	14,800
<b>The Boston Consulting Group</b>	US\$1.1bn (est.)	60 offices in 30 countries	4,250
<b>Bain &amp; Co.</b>	US\$0.76bn (est.)	30 offices in 20 countries	2,450 (est.)

(Source: Companies websites and [www.hoovers.com](http://www.hoovers.com).)

---

<sup>6</sup> The ‘Big Six’ are: Accenture/ Andersen; Ernst & Young (resulting from a merger between Arthur Young, Ernst and Whitney in 1989); Deloitte Touche (resulting from a merge between Deloitte Haskins and Touche Ross); PriceWaterHouse; Coopers and Lybrand and KPMG (resulting from the merger between Peat, Marwick, Mitchell with Klynveld Main Goerdeler, in 1986) (Holmes, 2002; Kubr, 2002).

#### **2.2.4 The transformation of the industry**

During the last three decades, management consulting has gone through one of the most remarkable growth phases ever seen in a professional service industry. Though their evolution can be considered as a response to the growth of big corporations (Ernst & Kieser, 2002), there are other factors that have added to their expansion. For example, a frequently cited cause that added to the supply of consultants is the proliferation of Masters in Business and Administration (MBA) programs. Business schools play an important role in the diffusion of management knowledge and its development is documented as being closely related to the success and popularity of the consulting industry (Heller, 2002).

Kipping and Engwall (2002) also mention that the workforce made available by business academic institutions was “instrumental” in the creation of the industry. Consulting firms recruited so many graduates some authors even called them “the graduate school of business” (Mintzberg, 1990; Crainer & Dearlove, 1999, both cited in Kipping & Engwall, 2002). By 1996, US consultancies were hiring almost a third of all MBA graduates (Wooldridge, 1997a); a rate which is currently maintained with the expansion of IT Consulting (Adams & Zanzi, 2001).

When looking closely at the explanation for the growth of the consulting industry, opinions sometimes differ with the exception of the undeniably strong argument that it developed intertwined with the growth of management as a discipline. As Kipping and Armbrüster (1999, p.1) describe, “the growth rates of this service sector speak for themselves: consulting services intervene at all levels of organizations, from the shop floor to the boardroom”. Another reason for its expansion is the generalization of consulting services across a heterogeneous variety of industries and sectors, which has increased during the last decade. The industry is targeting new clients and moving across national boundaries too. In the words of Rajat Gupta (McKinsey’s CEO at the time), “McKinsey’s mission is to play an influential role in every important economy in the world” (O’Shea & Madigan, 1997, p.263). Consultants are not only servicing big corporations, but they are now targeting Small and Medium

Enterprises, governmental institutions, public sector organizations, NGOs, hospitals, theatres, and even churches (Ernst & Kieser, 2002).

As suggested before, the export of management techniques, mostly from the United States towards Europe, and later to the rest of the world, has settled the current scenery where most occidental countries have an established industry of a mix of national and foreign consulting services providers.

### **2.3 A literature review of management consulting**

The above definitions of “advising” and “helping” belong to a period of consultancy publications that Alvesson and Johansson (2002, p.229) characterize as “pro-consultancy texts”. These texts were “positive, not to say enthusiastic” about the profession and tended to present the consultant as a “competent professional who embraces integrity and self-control”. This literature was mostly normative; it had an almost exclusive audience of practicing consultants. Since that “self-celebratory” (Alvesson & Johansson, 2002) period, a more critical perspective has arisen, from practitioners and academic researchers alike, in part as a reaction to the lack of self-analysis that consultants themselves demonstrated. Werr (2002), among other authors, clearly distinguishes these two periods as different research streams: the functional perspective versus the critical perspective.

Within the critical perspective, there are those researchers who make an effort to present a better understanding of consulting (Alvesson, 2004; Buono, 2002; Czarniawska & Mazza, 2003), and there are those who are extremely critical of consultants, and skeptic about the real value of their services (O'Shea & Madigan, 1997; Pinault, 2000). Ernst and Kieser (2002) in their “search for an explanation of the consulting explosion”, attributed the growth in the sector to managers’ need for control of their complex and uncertain environment. The authors conclude that their value rests only on perception: “Consultants sell a remedy for a situation that they have in part caused themselves” (p.72). This suggests too that the industry has managed to create its own demand. The

following section sets out the main issues presented on the literature available on management consulting. Please refer to Appendix I for a graphic diagram of the literature review.

### **2.3.1 Current characteristics**

The management consultancy industry has become a powerful player in today's world, having a huge impact on both economic and academic environments. In order to provide a brief literature review of its different facets, three main features have been identified in an effort to include the main functional and critical viewpoints on consulting. The following characteristics are: a) "pseudo-professionalism", b) measurement difficulties, and c) fads and fashion. The three are closely related, one causes the other, and vice versa. The purpose of this dissection is to provide a clear understanding of the main discussion points featuring in the consulting arena, as some of them will surely have an impact on the present study.

#### **a) "Pseudo-professionalism"**

The lack of a unified professional body regulating and overseeing the performance of management consultancy is a well-known characteristic of the practice. Its industry is known for its exceptionally low barriers of entry, as anyone can become a consultant. This commonly criticized feature allows for the "pseudo-professional" status of management consulting services; anyone who charges a fee for giving professional advice, whatever his/her professional background, can claim to be a consultant.

However, although "anybody can call himself a consultant and start dispensing management wisdom"(Wooldridge, 1997a), some barriers do appear once the incursion into the industry has been achieved. The low barriers are for newcomers, sole traders and small firms, but as Tierney (a consultant at the time for BCG) stated "there are significant barriers for firms that are trying to evolve from being a new entrant into being a 'second generation' established player. New entrants may succeed for a short period...but it is extremely rare for any of them to acquire the breadth and depth needed to be a long-term participant in the industry"(Czerniawska, 1999, p.139).

A distinction can be made between two types of players within the industry: the large consulting corporations (the ‘Big Four’ and the ‘Big Three’ as mentioned in 2.2.3) and the rest. In turn, the second group can be divided into different categories: a range of fairly large consultancies (which operate internationally); smaller, nationally focused, consulting firms (usually have ten to thirty employees); even smaller, specialized boutiques (fewer than ten employees), and finally, the independent consultant. The low barriers of entry affect mostly the latter.

Barriers of entry run across two different levels, at firm or organization level (industry), and at a personal level, from the individual dynamics perspective (profession). Acceptance of consultants by their peers, who is allowed into the profession, or who is not, are all issues that have a direct impact on their knowledge creation processes. For that reason this point is of crucial interest for the present study and will be developed further in the Results and Discussion sections.

Some attempt has been made to establish a worldwide association that regulates the consulting profession internationally. However, unlike other professions such as law or accountancy, consultancy appears to have no “agreed standards”(Wooldridge, 1997a). The creation of organizations such as the AMCF (Association of Management Consulting Firms) or the ICMCI (International Council of Management Consulting Institutes) illustrate an effort to establish some type of unified regulation for the practice. In spite of the emergence of these types of organizations, the large consulting players rely mostly on their reputation and name for credibility. Please refer to Appendix II for a description of some formal management consulting formal institutions.

The debate about the status of the profession is ongoing in the literature. Two main postures can again be identified: the “pro-consultancy” authors (mostly consultants), who refer to an expert status. “Professional standards” are frequently quoted, provided mostly by consultancy organizations, which present explicit codes of ethics for their practice (Kubr, 1986, 2002; Steele, 1975). However, such standards have been classified as “politics and rhetoric” of the profession. For instance, “an ethical code...is better seen as a symbolic

vehicle which supports the political interests of the profession than as a set of norms that safeguard a morally superior behavior of the professionals” (Alvesson, 1993, p.999). Critical authors claim that the ambiguity of limits for the profession is the clearest evidence of its lack of professionalism.

Alvesson (1993, p.998) identified that “the arbitrariness of where to draw the line between profession and non-profession...means that there is a space for a concept or a category that can illuminate occupations characterized with a long formal education” and other characteristics such as a high payout. It is suggested that management consultants belong to this still “undefined” category of professions or “semi-professions”. Alternatively, Kubr (1986, p.93) from the practitioner standpoint, portrays the general principle accepted by working consultants, who understand their “profession” as a “skilled application of a generally accepted body of knowledge according to accepted standards of integrity”.

Many independent consultants, who have joined formal organizations, search for a legitimating framework for their practice and a formal prestige for their certification. Bobrow (1999, p.61), -a certified management consultant<sup>7</sup>- believed that by “publicly defining ourselves we will march into the new millennium with a higher level of respect, understanding and acceptance for consulting as a true profession”. Further, the achievement of a more formalized regulating body of the practice is seen as a mechanism of selection that can filter out those who do not belong to the profession, “the many retired industry practitioners who have become ‘advisors’ in order to keep busy and supplement a pension” (Vieira, 1995, p.2).

Adding to the debate about the professionalism of management consulting, Alvesson and Johansson (2002, p.242) argue that both consultants *and* clients prefer to maintain their ambiguous status and would rather move freely “between claiming to work according to principles of professionalism and disregarding these same principles”. By leaning on political matters that suit them best for any particular purpose they settle on flexible behavior, which allows for a negotiated relationship. They allege that on the one hand,

---

<sup>7</sup> CMC – Certified Management Consultant is a certification approved by the AMCF.

consultants perceive professionalism as a “powerful resource” (for example, to legitimize what the authors classified as their “esoteric expert” work); but that they can also see it as a constraint for other informal roles that consultants may perform such as being “agents of anxiety”. Refer to Alvesson and Johansson (2002) for an interesting analysis of the topic.

It is clear that management consulting does not fit the traditional requirements of a formal profession. What Dean expressed in 1938, “Profession is used in discussing management consultants for lack of a more accurately descriptive term” (1938, p.451), is still a valid expression today. Whether management consultancy is heading towards this direction or not is interesting. However it falls outside the parameters of this research.

#### **b) Measurement Difficulties**

Management consultants’ failure to objectively measure or evaluate the results of their advice has been a common target of academic critics and dissatisfied clients. This difficulty is related in part to the intangible nature of their product (advice) and from the lack of consensus about what “organizational effectiveness and efficiency” is (Ernst & Kieser, 2002). Further, as Kipping and Engwall (2002, p.4) express as “consulting will only take shape during the interaction of the consultants with the client organization”, the real value of their service is something very hard to assess beforehand.

Though some effort has been made by management consulting companies to quantify their clients’ benefit (for example, by measuring market share gains, or by doing “impact-analysis” to show how a significant financial indicator has improved), Kieser (2002b, p.215) points out that, when required to provide an evaluation for a particular project it, “is the consultant himself that provides the resulting information, most of the time lacking objectivity or a thorough external evaluation”.

Some commentary even has a conspiracy ring as consulting is referred to as “a secretive and elite army of management consultants” who are “building a palace” based on a foundation of “shifting sand”(O’Shea & Madigan, 1997). In



a more serious tone, the same authors claim that the consulting industry has “escaped all but the most cursory levels of scrutiny”.

There is a lack of empirical research that measures with clear indicators the “adding value” to client companies, mainly because of the lack of consensus on what value is, and partly because consulting has only just recently been studied by academics. In addition, consultants often work with their clients forming mixed teams, making the outcome of the process dependent on both the advisor and the client. The client organization cannot measure its contribution “as the interaction creates highly complex interrelations. As a consequence, the evaluation of consultancy projects becomes a highly subjective and interpretative matter” (Ernst & Kieser, 2002, p.64). Kipping and Engwall (2002) also mention that it is probably important for the person hiring the consultant that the intervention process is seen as successful, because of their invested resources of time and money.

Summing up, the real effectiveness of the consultant intervention appears as something subjective, which depends more on the client’s perception of what has happened than on factual, economic or financial data. This situation causes the client to be the ultimate judge of what “value” means.

### **c) Fads, Fashion and Management Consulting**

Professional advice given by consultants is commonly accused of being just a group of fads or fashionable concepts with no real knowledge or substance behind it. This crude analysis proliferated in the consulting literature around the 1980s lasting till these days, in both practitioners’ and academics’ writing. The popular use of words such as “fad surfing<sup>8</sup>” (Shapiro, 1996) or “consultobabble<sup>9</sup>” (Williams, 2003) reflect the atmosphere.

Sometime the criticism extends to the whole of management theory, accused of being “faddish and bedeviled by contradictions that would not be allowed in more rigorous disciplines” (Micklethwait & Wooldridge, 1996, p.12), and to

---

<sup>8</sup> “Fad surfing: the practice of riding the crest of the latest management panacea and then paddling out again just in time to ride the next one, always absorbing for managers and lucrative for consultants, frequently disastrous for organizations” (Shapiro, 1996, p. 217).

<sup>9</sup> “Consultobabble”, excessive use of flamboyant buzzwords, also known as “fad-motiv” (Williams, 2003, p.134).

the “management fashion industry” (best-seller books, popular press, management gurus, conferences), which so often sells its ideas as permanent solutions. As Scarbrough and Swan (2001, p.4) affirm, “management fads and fashion seem to represent something of a ‘turkey shoot’ for academics, with their overblown claims and exaggerated rhetoric providing easy target practice for their academic critics”. Attractive management concepts get distributed as “miraculous panaceas”, fictitiously suited to all types of organizations (Shapiro, 1996). Management consultants in particular have been charged as creators and diffusers of these fashion concepts (Abrahamson, 1996), as they strive to “commodify” concepts in order to make them easier to grasp and sell (Kieser, 2002a).

A genuine academic interest arose about this kind of “informal management knowledge”(Mazza & Alvarez, 2000, p.571) in its social circulation (through mass media) as fads and fashions and “their impact on actual managerial actions”. Clark (2001, p.1652) evidenced the surging interest in the topic by naming two special issues published on management fashion in the *Journal of Management History* (1999) and *Organization* (2000), which indicated at the time that the study of management fashion had “itself become a fashionable area of academic inquiry” (p.1652). Fashion has been studied as a form of rhetorical discourse used by consultants and other agents to promote the diffusion of particular management techniques (Abrahamson, 1996; Abrahamson & Fairchild, 1999; Clark & Fincham, 2002a; Kieser, 2002a).

Addressing a consulting audience, Lee and Skarke (1996, p.10) explain that the application by managers of some of the fashionable concepts functions as a mechanism of natural selection and that some ideas are incorporated and maintained through time: “the good [ideas] become part of the mainstream body of knowledge” of management consultancy. Further efforts to comprehend how these “transitory collective beliefs” become institutionalized and are retained by organizations have been made too (see Abrahamson & Fairchild, 1999). From a more analytical perspective, it is admitted that though some of these widely used techniques “have spread at a rapid rate until interest in them has faded; others have become more rooted in organizations,

developing into well-known aspects of the expanded body of management knowledge” (Sahlin-Andersson & Engwall, 2002a, p.4)

Ernst and Kieser (2002), as previously mentioned, bring to the discussion the fact that managers need to think that they are on the cutting-edge of the latest invention on how to manage their organizations to feel secure. It is this need of “perception of control” of their environment that makes managers frantic consumers of the management fashion industry, and therefore “consultant-dependent”. The reason the fashion-type sequence is formed is because “the perception of an enhancement of control does not last” (Ernst & Kieser, 2002, p.70), and new reassurances are created through a fresh wave of appealing management buzzwords.

The close relationship that academics make between fads, fashions, and consultants and consultants relates to the present research, because of the strongly rooted implications it has for academics. This research will be undertaken not making the assumption that consultants are all about fashionable concepts, I compel the reader to do the same.

### **2.3.2 Consultants’ debatable functions**

Among the accessible literature, there is far from consensus about what is a consultant’s main function in an organization. There are a variety of causes or alternative purposes, besides a specific project, that can bring an organization to hire a consultant. Keiser (2002b) calls these *side-functions*; Ernst and Kieser (2002) refer to them as *un-official roles* or *latent functions*. They include all those other things that consultants add to their role, besides advice giving, which are not easily measured and add to the complexity of studying the profession. Indeed, these unofficial roles are among those things not explicitly stated in consultants’ contracts. In fact, they are seldom talked about with clients.

#### **a) Role as “Legitimisers”**

The most important “side-function” that appears in the literature is the consultant’s role of *legitimiser*. Firms are faced with the problem of decision making in a given changing business context. Consultants are seen as agents

who help in handling such uncertainty. More importantly, through their presence, other stakeholders perceive something is being done to control at least part of the change and insecurity that characterize business life.

With the separation of ownership and management, complex governance relationships between a company's shareholders, board of directors and managers place the hiring of a consultant within a complex political dimension. Ernst and Kieser (2002, p.55) bluntly express, "Consultants increasingly take over the role of certifiers of rationality". Their presence is a way of guaranteeing that managers are keeping up to date with the latest management trends. The hiring of a consultant works as a signal sent to others, for example, "that 'best practices' are being applied" (Kieser, 2002b, p.214). This is also caused by the perception that an outsider can provide an objective, dispassionate analysis of the firm (Rasiel, 1998). However, this role of the consultant as an external change agent is one of the main reasons that may cause friction and intraorganizational resistance (Wright, 2002).

Ruef (2002, p.95) describes how this role of consultants has been gaining importance in the legitimation of the company's actions: "The content of institutionally approved structural elements...may now be less important for their legitimacy than the process of hiring institutionally approved agents, such as management consultants, who act to promote "rational diffusion". The consultant's role as a 'legitimater' is particularly relevant for this study's focus on corporate governance issues.

### *b) Power Allies*

In Foucault's words, knowledge and power cannot be considered separately. This proves true in consultants' engagements in client organizations. The employees of a client organization may see a consultant as a person who has a different type of knowledge, as a "supra-expert"(Ernst & Kieser, 2002). Consultants arrive with an expert image that places them in a power relationship with respect to the client. The person who hires the consultant within the firm and who briefs him/her on first-hand information about what is going on can shape the approach of the consulting assignment in a very particular manner. The role which consultants are expected to play will

probably vary depending on whether they are hired by the board of directors, the CEO, or a group of managers.

This politically charged function is recurrently described in the literature. Penn (1998, p.220) describes it as a common observation, “The commonest view of consulting involves the notion that it is used to settle an internal power game within the managerial hierarchy”. Consultants can become weapons for internal struggles within an organization. For example, a group of managers can hire a consultant to have their projects accepted, or to promote their personal careers. Further, consultants can be brought in to explain a new procedure or organizational change that top management within the organization is having trouble implementing, using their “well-trying presentation techniques and rhetoric at hand that enables them to overcome resistance to change” (Ernst & Kieser, 2002, p.56).

Whoever hires the consultant becomes the point of entry for the consultant within the organization. The management of the politics involved around a client engagement is not a minor aspect of a consultant’s required skills. In the study of consultants’ knowledge creation processes, power and politics are issues that must be addressed.

*c) Filters of Knowledge and “Sounding-boards”*

The amount of information available in the public space about management can become overwhelming for managers. The increasing stream of business-related media, the actualization courses provided by business education institutions, and the fashionable management concepts sold in best-seller popular books constitute an impossible-to-grasp quantity of information, and managers feel helpless at their lack of time to cope with it. One of the functions consultants perform is to provide a filter to such over-supply of information. By placing themselves “as important sources of knowledge to their client organizations”(Ernst & Kieser, 2002) and as providers of the latest

state-of-the-art business knowledge, they become the reference for what a manager needs to know.

The other function consultants may perform is being a “sounding-board” for the manager; the consultant can become “a discussion partner”, somebody with whom to discuss ideas, without the need to show insecurity or uneasiness to fellow managers (Ernst & Kieser, 2002). Even as a personal contact, a manager may find it useful to have a consultant to call every once in a while to obtain reassurance that there is nothing out there they should know about

### **2.3 Conclusion**

For this study, management consulting is the professional practice of providing advice. “Professional” in this definition means that money is charged in exchange for that advice. The purpose of this chapter was to provide a background for the present research.

A brief historical review of the consulting industry was presented and some basic definitions were considered. Consulting has emerged from other professions such as engineer and accounting. Its history reflects the heterogeneity of the service today.

This chapter provided the first part of the literature review, in an attempt to cover the main debates going on about management consulting in the academic literature. Issues such as the contested status of professionalism of consultants, the difficulty of measuring results or value in consulting, and its close relationship to fads and fashions were discussed from functional and critical perspectives. In considering other issues discussed in the literature like consultant’s latent or side-functions adds to our general background of the practice.

These issues were reviewed for they have an indirect impact on how consultants construct their knowledge. In the analysis of confronting arguments between practicing consultants and critical academics, an effort was

made to illustrate the different views in order to gain a better understanding of the practice and the industry.

## **CHAPTER 3: Management Consultants, Knowledge Creators?**

This chapter addresses the existing literature that already acknowledges the management consultant's role in the process of knowledge creation. One of the recently attributed roles of the management consulting industry is that of a business knowledge carrier. Large consulting firms have established themselves as institutions that deal with management knowledge, and play a pivotal role in its creation and diffusion. How consulting contributes to management knowledge circulation through society and how it relates to other management carriers will be explored in this chapter. Finally, management consultancies have been described not only as carriers, but also as constructors of knowledge; a description of the literature available on this topic will be provided.

### **3.1 Management consultancies and knowledge**

There is a significant amount of literature available that focuses specifically on knowledge management in corporations. There is a consensus that consulting firms belong to the group of "knowledge-based" or "knowledge intensive" firms, for knowledge represents a key resource and a competitive advantage for them (Crucini, 2002; Heller, 2002; Werr, 2002). Consultants have been referred to as *idea entrepreneurs*, "those knowledge workers who participate in the creation, elaboration and marketing of new ideas and knowledge products" (Abrahamson & Fairchild, 2001, p.148). As Crucini (2002, p.128) articulates, "Knowledge is, after all, the input and output of the consulting black-box".

Empirical research into the process of management knowledge creation in consulting is quite scarce (Kipping & Engwall, 2002; Werr & Stjernberg, 2003). Most studies explore large consulting firms' internal processes, such as database management (e.g., Alvesson, 1993; Ruta, 2004; Werr & Stjernberg,



2003), and consultancies are frequently mentioned as examples within the “knowledge management” literature (Hansen, Nohria, & Tierney, 1999; Probst, Raub, & Romhardt, 1999). As Kipping and Engwall (2002) clarify, within that context, knowledge is many times considered as a “product”, which you can own and transform, re-package and commodify for its selling.

It is contended that a distinction must be made between consulting firms and other companies as knowledge creation and its commercialization are claimed to be their “core business”. Revenues come from selling this knowledge in the form of advice or packaged solutions to clients. Major investments made by management consultancies that have been building their knowledge databases during the past years are a clear indicator that knowledge is a critical resource for them.

### **3.2 Consultants as translators? Not anymore**

Previous literature on the role of management consultants portrays them as “translators” or “brokers of information” of theoretical and academic information. It is clear that the relationship between management academics and consultants has gone through different stages in the past. Back in the 1930s, Dean (1938, p.451), speaking about what was called “professional management counsel” at the time, wrote: “It has evolved as one aspect of the development of the social sciences, and more particularly of the application of scientific methods to business problems”. In 1976, the Academy of Management held a conference related to management consultancy, and a year later approved a *Position Statement on Professor/Consultants*, which read:

The Academy of Management is supportive of professional consulting activities by its members when these activities are conducive to the professional growth of the individual and contribute to the management discipline through the enrichment of teaching, research, and understanding of the field (Gore & Wrieth, 1979, p.387).

The statement continued describing consulting as having the potential “for infusing teaching with practical relevance” and “for demanding the translation of theory into application” among other things. Lundberg and Raia (1976, p.190), supporting this vision, stated that the consultant “provides the connecting link between theory and practice”. Barley, Meyer, and Gash (1988, p.24), in their exemplary study, refer to the dominant perspective at the time, in which “academics are seen as impartial sources of empirical principles that are taught to practitioners who, in turn, put the knowledge to worldly use”.

However, at present, this relationship is long past. The view of a smooth knowledge transfer from management science researchers to consultants and practitioners for them to apply their findings has been tagged as a “romantic” ideal (Kieser, 2002b, p.206). Kieser argues that differences between consultants and academics are so deep that communication does not occur between them. Further, it is clear that management consultants are not the link between academics and practitioners as frequently portrayed in previous literature. It is only recently that academics have started to pay more attention to the alternate view that there is knowledge creation in consulting (Kipping & Armbrüster, 2000).

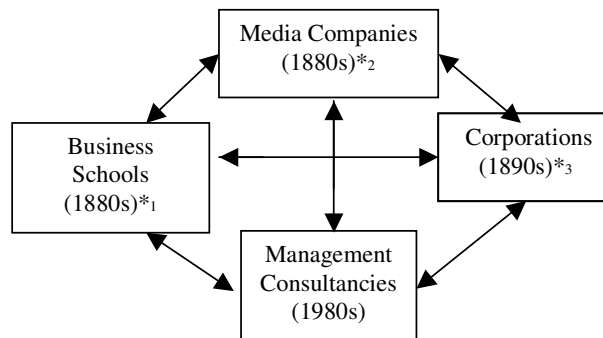
### **3.3 Creation of a knowledge institution**

During the last twenty years, the enormous growth undertaken by management consulting services has placed the industry in a position shared with more traditional and structured institutions. Management consultancies, due to their role of spreading business knowledge, have had a great impact on organizations and a great increase in their economic importance. There is a fairly widespread consensus that large management consultancies have gained their place among legitimate carriers of management knowledge (Alvarez, 1998; Engwall & Kipping, 2002; Sahlin-Andersson & Engwall, 2002b). Consultancies have become carriers because they are involved in the business of knowledge dissemination.

As Sahlin-Andersson and Engwall (2002b) highlight “the carriers are considered carriers not only of management knowledge but also of societal institutions”. Their activities must therefore be understood looking at the institutional developments of the societies in which they operate.

For instance, large consulting firms have developed greatly extended websites that provide public access to a variety of case studies and resources. Many consultants use books as a common dissemination tool and some of the large firms publish their own journals or newsletters, which are sometimes distributed on the web. In addition, many established consulting firms systematically publish their survey results or their report findings in business media or in practitioner-oriented journals. For an analysis of knowledge dissemination practices of consulting firms see Gross (2000). Through this range of communication tools, consultancies interact with other institutions, becoming an important part of the larger management knowledge industry.

*Figure 3.1 - The management knowledge industry*



(Source: Adapted from Kipping & Engwall, 2002, p.5)

\*1 The foundation of the Wharton School in the United States in 1881 and l’Ecole des Hautes Etudes in Paris are considered the starting points for the later rapid expansion of management education (Engwall & Zamagni, 1998; Sahlin-Andersson & Engwall, 2002a). \*2 The *Financial Times* was founded in 1888 (United Kingdom) and the *Wall Street Journal* in 1889 (United States) (Sahlin-Andersson & Engwall, 2002a). \*3 (Perrow, 2002).

The approximate dates of creation of the above-mentioned carriers show that management consultancies are by far the younger institution. Though, as reviewed in the history of the consulting industry, its creation can be traced back to 1910-20s, it is only in the last two decades that a more institutionalized role as knowledge constructor and disseminator has been identified. However, as an institution, management consultancy differs from the rest of the carriers in that it does not have a formal training requirement for its members, nor does it have a professional body overseeing its development, as discussed before. Despite this fact, researchers found that it has arisen as a formal management knowledge carrier that works as legitimiser of the knowledge it spreads (Sahlin-Andersson & Engwall, 2002a).

### **3.4 Knowledge disseminators or carriers**

The definition of *carriers* chosen for this research is that of “actors who play significant roles in the framing, packaging and circulating of management ideas”(Sahlin-Andersson & Engwall, 2002a, p.8). As opposed to a passive function of merely transporting information, consultancies are considered among those carriers that “convey a mix of passivity and activity, of supporting, transporting and transforming” (p.9) the information they carry. *Knowledge communities*, as Abrahamson and Fairchild (2001, p.148) define them, portray a complementary definition, as “sets of interdependent knowledge industries that supply knowledge consumers on the demand side of management markets”.

Alvarez (1998, p.38, citing Berger, Berger and Kellner, 1974), used the term “primary carriers” to express the processes and institutions which are considered to be related primarily to technological production. According to this definition, the main “primary carriers” considered by Berger and his colleagues are the modern state, the market place and bureaucracies. Instead, the term “secondary carriers” means, a “variety of social and cultural processes, most of them historically grounded in the primary carriers but now capable of autonomous efficacy”. Management consultancies could be

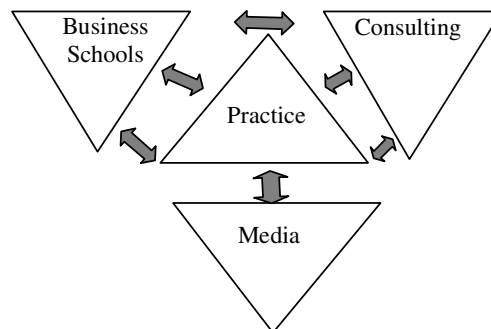
secondary carriers, grounded historically in a business world where globalization, information and technology flows shape their cultural and social processes.

### **3.4.1 Interaction among carriers**

The main carriers of business knowledge that appear more frequently mentioned in the literature are business schools, mass media companies, and corporations. All of them are considered as carriers interacting within the diffusion of management knowledge and practice. Several authors have commented, the relationship between them, which has been described in general terms as “symbiotic”(Engwall & Kipping, 2002); the borders between them are said to be gradually “blurring”. In an increasingly complex world, functions between carriers appear at times to be interchangeable; for example, corporations offering consulting services, or consultants teaching at universities.

On the other hand, Sahlin-Andersson and Engwall (2002a) describe how carriers fiercely compete with each other. The different objectives cause competition between them, which at times complement each other in building the same discourse around a new idea, but which -at the same time- are aimed at gaining more importance in the reception arena of practicing managers. “Consultants strive to increase their control over other actors by organizing and co-organizing management seminars and congresses, which they regard as superb marketing instruments for a highly complex service” (Ernst & Kieser, 2002, p.60).

*Figure 3.2 - Interaction of managerial fields*



Source: Sahlin-Andersson & Engwall (2002a, p.15)

Sahlin-Andersson and Engwall (2002a) characterize the carriers and their circulation according to a variety of factors. The three main ones are: the degree of internal quality control, the size of the audience each carrier communicates with, and the level of interaction with the receiver. For an interesting analysis see Sahlin-Andersson & Engwall (2002a, pp.14-16).

It can be observed in Figure 3.2 that “Practice” is the central arena around which all other carriers revolve. According to the relations with other carriers, “Practice” is also known as “audience”, “public”, “subjects of study”, “clients”, or “target”. As Nohria and Eccles (1998) noted, managers and their organizations are central for business knowledge. Without them neither management consultancies, nor academia or business press would exist.

Kieser (2002b, p.206), stresses the differences between the different “systems” and claims that learning across carriers is extremely difficult to achieve. The author argues that when studied more closely, management knowledge is far from traveling uninterrupted or freely among the carriers: “Management science, consultancies and business schools are highly autonomous systems, which pursue different goals and are subjected to different norms – that they develop their own rationalities”<sup>10</sup>. Armbrüster and Kipping (2002) also conclude that as consultants and clients act within their own “logic of knowledge”, the transfer of knowledge from consultants to clients “cannot function in a frictionless manner”. The authors chose an “ideal-type approach” to describe consultancies’ institutional interest as a process of knowledge codification, communication and commodification.

Due to present changes in the traditional business training institutions and academia, the development of multinational media and the expansion of consulting companies, a whole new range of interactions and relationships has developed. Table 3 presents those interactions more frequently mentioned in the literature.

---

<sup>10</sup> The author describes division between business schools and management science too; a distinction that will not be discussed in depth for it is beyond the scope of this research.

Table 3 - Interaction of management knowledge carriers

	<i>Business Companies (or Practice or Industry)</i>	<i>Business Schools (or Academic Institutions)*2)</i>	<i>Management Consultancies</i>	<i>Mass Media (or Business Media)</i>
<i>Business Companies (or Practice or Industry)*1)</i>		<ol style="list-style-type: none"> <li>1) Teaching by practitioners</li> <li>2) Development of science parks</li> <li>3) Commercialization of licensing and intellectual rights</li> </ol>	<ol style="list-style-type: none"> <li>1) Hire them to solve problems or when facing major changes</li> <li>2) Consult with them about trends and new management concepts</li> <li>3) Audience for their conferences and books</li> </ol>	<ol style="list-style-type: none"> <li>1) Use media to create a public image of their organizations</li> <li>2) Use business news to keep updated and informed</li> </ol>
<i>Business Schools (or Academic Institutions)</i>	<ol style="list-style-type: none"> <li>1) Empirical studies</li> <li>2) Development of useful tools implemented by organizations</li> <li>3) Dissemination of graduates to employment</li> <li>4) Contract research</li> </ol>		<ol style="list-style-type: none"> <li>1) Consultancy practice by academic professors</li> <li>2) Collaborative activities with consultancies</li> <li>3) Consultancies as subjects of study</li> </ol>	<ol style="list-style-type: none"> <li>1) Provide text and material for publishing</li> <li>2) Use texts and other material in education and research</li> </ol>
<i>Management Consultancies</i>	<ol style="list-style-type: none"> <li>1) Advice-giving to companies</li> <li>2) Learning of practices in cooperation with clients</li> <li>3) Supply of candidates for executive positions</li> </ol>	<ol style="list-style-type: none"> <li>1) MBA Collaboration (some cases)</li> <li>2) Graduate recruitment</li> </ol>		<ol style="list-style-type: none"> <li>1) Best-seller publications</li> <li>2) Provide material for the business media</li> <li>3) Use material from the media</li> </ol>
<i>Mass Media (or Business Media)</i>	<ol style="list-style-type: none"> <li>1) Publishing of newspapers and magazines of management issues</li> <li>2) Reporting of business news</li> </ol>	<ol style="list-style-type: none"> <li>1) Publishing of academic journals and specialized books</li> </ol>	<ol style="list-style-type: none"> <li>1) Publishing of best-seller, popular management books</li> <li>2) Publishing of practitioner-oriented journals</li> </ol>	

\*1 Alvarez (1998) referred to this carrier as Professional Groups. According to Sahlin-Andersson and Engwall (2002a), new techniques for better management are spreading through all types of organizations, not only business corporations. \* 2 Meyer (2002) referred to this carrier also as "Academic Clergy" and Keiser (2002b) as "Management Science". Sources: Sahlin-Andersson & Engwall (2002a, p.14), Starkey & Madan (2001, p.S13).

As stated, Sahlin-Andersson and Engwall (2002a) attribute the expansion of management knowledge partly to the institutional processes that took place. The authors describe that the expansion follows “cognitive, normative and regulative changes” and the growth of the present institutions follow the decline of previously dominant institutions.

“With the decline –or the retreat- of the state, space has opened up for the establishment and dominance of more management-oriented settings, such as the dominance of large transnational accountancy firms, and for new transnational governing and ruling structures in society at large (Strange, 1996 cited in Sahlin-Andersson & Engwall, 2002, p.22).

A similar idea is described by Gibbons et al. (1994) with their concept of Mode 2 knowledge, which will be discussed in the next Chapter, on knowledge creation.

In contrast to the other carriers, the institutional role played by the management consultancy industry and its impact on organizations is still largely unexplored. This probably occurs because the specific role that management consultants fulfill in a client organization not only varies greatly from case to case, but is also something difficult to define. The next section deals with relevant research on knowledge construction by consulting, and how it relates to this research.

### **3.5 Knowledge creators**

After the description of the background and setting wherein consultants are placed in our present society, it is imperative to look at consultants’ management knowledge creation processes. My aim in writing this thesis is to explore the process of knowledge construction. The purpose of this section is to review previous research done on the topic.

Consultants, especially those who belong to large firms, do some type of research. Though this is a contested statement without having previously



defined what is meant by research, March (1999) tackled the debate and offered interesting viewpoints. Management consultancies have developed complex databases where they store their research. If we take into consideration March's (1999, p.327) definition of research, naturally, management consultants' way of doing research differs from that of traditional academics:

“Research, as I use the term, is any activity that involves gathering systematic data about organizations or speculating about them in a systematic way, and reporting the results publicly in a form that relates them to other research in a cumulative and impersonal way”(March, 1999, p.327).

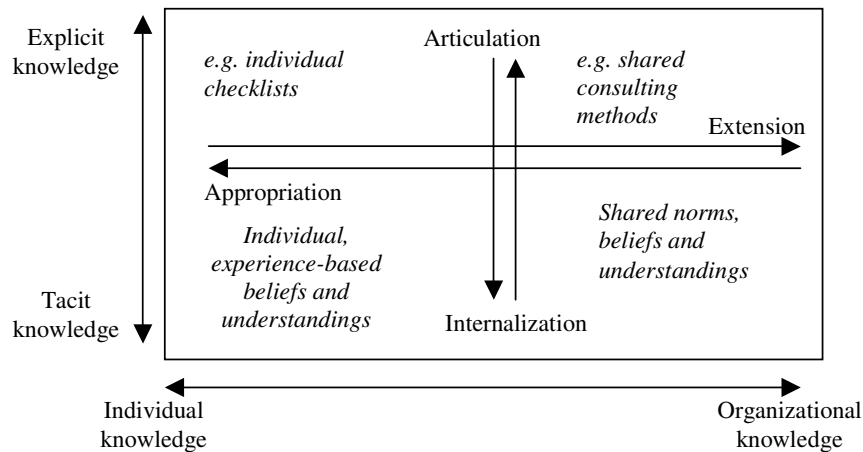
However, the degree of divergence is perhaps less than expected. Within the large consulting firms, there are many activities for gathering data about organizations and speculating about them in a systematic way (e.g., a McKinsey's survey of executive directors). However, differences become clearer when standards of rigor and purpose are considered.

Other discrepancies appear regarding the reporting of research results. Consultancies do research for the purpose of selling the results of their findings. The public reporting of findings that consulting firms publish in the media, and their own newsletters, has both the marginal function of being informative, and the more commercial function of advertising or marketing. However, presenting results *in a form that relates them to other research in a cumulative and impersonal way* does happen to some extent within the same management consultancy firm. Their research does relate to previous research done within the consultancy; consultants also add to the building of their knowledge database, to which all peers contribute to build. These are the types of issues that this research seeks to explore. The theoretical framework chosen to pursue this study, based on Kuhn's understanding of knowledge creation, will be developed in the next chapter.

Among the scarce empirical studies done on consultancies, there is Werr's (2002) study of consultancies' internal creation of knowledge within two firms: a large multinational consulting firm and a small, boutique-type

company. He used the following theoretical framework for his typology of knowledge (based on Hedlund, 1994).

**Figure 3.3 - A model of knowledge categories and processes of transformation**



(Source: Werr, 2002, p.95, based on Hedlund, 1994)

The y-axis represents the epistemological dimension, distinguishing between tacit and explicit knowledge. The second dimension is the ontological dimension, and ranges from the individual to the organizational knowledge poles. It is concerned with how knowledge is stored and shared within the organization (Werr, 2002).

### 3.5.1 Knowledge management categories: “tacit” and “explicit”

With the recent emergence of knowledge management, knowledge held within the organization was suddenly traduced into being crucial for competitiveness. Managers and directors were faced with the fact that this knowledge should be managed, just like any other asset of the firm. Nonaka (1994) cited Polanyi’s (1966) classification of human knowledge, to differentiate between “tacit” and “explicit” knowledge, a distinction that has spread widely among researchers and practitioners alike.

*Tacit* knowledge is present in individuals performing everyday practices. It is the knowledge implicitly used by organizational members “to perform their work and to make sense of their worlds” (Choo, 1998, p.110). As this type of

knowledge contains mainly personal, action-based skills, and is very hard to communicate, its diffusion is difficult. *Explicit* knowledge, on the contrary, can be expressed easily as it can be more simply coded. Its diffusion and communication are not problematic for the organization; it can be captured in “records of the past, such as libraries, archives and databases and is assessed on a sequential basis”(Nonaka, 1994, p.17). While *tacit* knowledge is subjective, portrays knowledge of experience (body) through practice, *explicit* knowledge is the contrary: objective, knowledge of rationality (mind) through theory.

Major concerns for managers today revolve around issues such as how to secure, spread and develop knowledge. Knowledge is seen as a “product”, as something “commodified” to be sold to the client. Furusten describes,

“There are many who believe that knowledge can be packaged in forms that can be carried from place to place without losing their relevance and meaning, and can then be unpacked and utilized with the same results as in the original context” (Furusten, 1999, p.133).

This rationale follows the economic imperative that knowledge is an object that can be produced, sold and transported, a rationale that also faces the dilemma between tacit and explicit and how to make it accountable.

The categories of tacit and explicit knowledge were presented because when speaking of knowledge that belongs to a person, as opposed to knowledge that is part of a consulting database, the classification becomes useful. The available literature in general refers widely to tacit and explicit knowledge when talking about consultants.

### **3.5.2 Consultants’ main sources of knowledge**

As a result of their study, Werr and Stjernberg (2003, p.202) have identified three main “knowledge elements”, which have been described “as recurring sources of knowledge in consultants’ work, and thus, as the main elements of the organizational knowledge system”. These are: a) common methods and tools, defined as the information available within the consulting firm that

provide a series of templates, models and frameworks for the consultants to use in their engagements; b) case studies or database information, which include all documentation produced for previous consulting engagements; and c) consultants' individual experience, the single most important source of a consultant's knowledge (Werr & Stjernberg, 2003, p.902).

It is clear that the way of managing knowledge within consulting firms differs greatly according to their size and scope. Large, multinational consulting firms, "have established systematic knowledge management systems" (Kipping & Armbrüster, 2000, p.165), and their hierarchy and personnel structure are designed to maximize this transfer. In small firms, "there is no software-supported knowledge management and 'knowledge' is more centered around the consulting experience expertise of individuals" (p.166).

Werr's (2002, p.99) study showed that in large firms, client projects were discussed thoroughly and that junior consultants did most of the report writing, constantly checking with their superiors. To achieve the effective transfer of knowledge, "interaction leading to shared experience is imperative". In smaller firms, it appears that the personal experience of the individuals involved, though hard to articulate to others, is the main element of their knowledge base too.

When consultants are in contact with clients, other types of learning develop. Clients provide a valuable resource for consultants where they learn and gather their understanding of the processes and issues going on around a topic. Clients pay for time, and disclose their personal information. Consultants find themselves in the privileged position of first-hand contact with practitioner knowledge. The greater the number of clients, the greater the pool of information a consultant can have and manage. As described in Chapter 2, the role the clients play in the consulting engagement is very hard to quantify and adds to the complexity of measuring results.

Related to experience, other main sources identified in the literature are personal relationships and contacts (Glückler & Armbrüster, 2003). Owing to its importance, social networking acquires the status of "asset" for consultants. Once a person is registered in a consultant's personal contact list, he/she may

become a possible informant or a prospective client. In addition to the knowledge contained in firms' databases, consultants rely heavily on their personal acquaintances to gather more information. For example, by talking to an informed person within the firm, by making a phone call or by having an interview with a key informant of the industry: "Interviewing is the way McKinsey consultants fill the gaps in their knowledge base and tap into the experience and knowledge of their clients" (Rasiel, 1998, p.77). Werr and Stjernberg (2003) describe the use of knowledge databases within large firms as a way of finding the right contact or the right person to talk to within the firm, anywhere in the world.

Faust (2002, p.149) uses the concept of *knowledge arenas*, a term which he claims "stresses the images of 'places' where dedicated contributors to management knowledge and other participants of a field meet personally". The author distinguishes between *institutionalized arenas* (organized occasions where managers and other participants meet outside their organizations, such as conferences, fairs, committees, seminars, etc); and *trans-organizational networks* (personal contacts, relationships, people of reference who they call upon to fulfill their consultation needs). Consultants usually cultivate both of these. The author mentions that consultants need to attend these knowledge arenas: a) to promote their views and to build up their reputations, b) to detect arising problems and promising new ideas and concepts, c) to develop their intuition, and d) to confirm, revise or modify their own views on something. Their public image needs to be taken care of and their reputation looked after. For consultants, popularity and good name recognition are extremely important in order to be known within a business community.

### **3.5.3 Strategies for managing knowledge**

The particular strategy regarding consultants' knowledge creation practices will vary according to the field of specialization, the country of operation and other factors such as available research done on the topic, and whether it is a subsidized sector or not, among others. As Penn (1998, p.227) said, management knowledge is context-specific, therefore "abstract universal generalizations about consultancy obscure wide variations within the

phenomena themselves”. The author describes the consulting relationship with two different manufacturing firms; the “knowledge construction strategy” of a consultancy firm operating in the pulp and paper industry differs greatly from that of a firm offering consulting services in the textile industry. The consulting firm in the first industry has a “collaborative, internal and integral” strategy, and a steady flow of ideas, knowledge and personnel with its clients. Joint project teams are arranged and “best-practice” is identified (Penn, 1998, p.225). On the other hand, the consulting firm in the textile industry has a totally different relationship with its clients. The author found that the interaction was “non-collaborative, external and tangential”; the consultants’ experience was not industry-related, but rather of more general management competencies. The activities conducted by the consultancy were mostly report writing and the basic information was gathered from external databases and resources.

Werr (2002) relied on a widely cited article, Hansen et al. (1999), to describe two basic strategies that consultancies employ to manage knowledge: codification and personalization. Though it has been suggested that the main strategy of a consulting firm has to be based exclusively on one of them (Hansen et al., 1999), Werr and Stjernberg (2003, p.882) argue that both strategies complement each other and that this “represent[s] the core of organizational competence in management consulting”. Werr’s (2002, p.106) results showed that, contrary to the critical perspective, “consultants’ actions were to a large extent based on detailed functional knowledge aimed at improving the operation of the client organization (rather than creating the impression of such improvements)”. The author identified that the consultant’s use of knowledge about old cases with a new client or situation has been ignored by the literature on knowledge management. This, Werr describes, is the real challenge for consultants, to design a unique approach to the current situation, uniting the personal knowledge and the organizational knowledge available at hand.

On the other hand, the apparent distinction of tacit and explicit categories of knowledge, and the use of personalization and codification strategies have been criticized for oversimplifying complex realities, “and for placing

emphasis on individual cognition without reference to the wider institutional context” (Robertson et al., 2003, p.834). The present study will investigate the complex reality and look for the use of these and any other strategies.

### **3.6 Conclusion**

In this chapter management consultancies as an institutional carrier of business and management knowledge has been described. Besides dissemination in their advice-giving activities to client organizations, consulting firms fulfill the function of disseminating business knowledge through a variety of forms such as public media, books, their own websites, newsletters and articles in practitioner-oriented journals. An exploration of the interaction between consultancies and the rest of the management knowledge carriers has presented the complexity of the relationships that surrounds such institutions.

The limited and relatively new literature on knowledge creation within consultancies, and their strategies to manage it has been presented. Some elements from the existent research are useful but they fall short of this research’s aim, which is to understand consultants’ knowledge creation process from a wider perspective. The present project, seeks to study the industry of consulting in its diversity, with all its different players, taking into account contributions of smaller actors such as the independent consultants or the smaller consulting firms. Furthermore, the process of knowledge creation may sometimes be wider than the consulting organization, and sometimes smaller, limited to a person’s personal learning process. I found that the existing frameworks presented on consulting knowledge are not satisfactory to understand consultants’ in the way that this research intends. Therefore, in order to find a suitable theoretical framework, I have turned to scientific models of knowledge production, for researchers have studied them in the past. The theoretical background pursued, is presented in the next chapter.

## **CHAPTER 4: Towards a Theory of Knowledge Creation**

The core purpose of this research is to explore consultants' knowledge creation processes. To examine the practice of knowledge creation is a real challenge because of the dilemma of defining knowledge and how it is created. As Alvesson (2004, p.1) cautions, "‘Knowledge’ is very difficult to define and delimit: like many other common terms, it covers everything and nothing". In the previously presented literature on consulting and knowledge, none of the existing frameworks was found adequate to pursue consultants' understanding of knowledge creation processes.

Previous "research into and discussion of management consultancy draws writers and scholars from various provenances, using various theoretical frameworks and, in some cases, none" (Salaman, 2002, p.247). In order to avoid falling into the latter mentioned category, and because none of the theoretical backgrounds was found suitable to explore the knowledge creation processes of the practice of consulting, an alternative framework was chosen. This study will be based on a Kuhnian conception of knowledge creation, complemented with a Foucauldian perspective. Thomas Kuhn (1962/1996) provided a study of the creation of knowledge within scientific communities. In science, established and proven processes of knowledge creation have already been thoroughly studied. In a supplementary way, Foucault's ideas on discourses and practice and on knowledge and its relation to power were found very insightful for the study of consultants. In a bold attempt to complement the two philosophers, this chapter finishes describing broad similarities between Kuhn's and Foucault's key concepts.

Gibbons et al. (1994) argue in their book that knowledge is no longer the domain of academics, but that it has escaped the boundaries of universities and is now being created in institutions throughout society. The concepts of Mode 1 and Mode 2 knowledge will be briefly reviewed in this chapter, as an



underlying conjecture of this research is that knowledge creation can occur outside universities. Thus, the purpose of this chapter is twofold: to provide an overview of one of the current debates about knowledge, Mode 1 and Mode 2 which provides useful insights into the discussion, and to develop the Kuhnian approach, which, complemented with a Foucauldian perspective, will serve as the theoretical framework for the study of consultants.

#### **4.1 The present concern with knowledge**

Why is knowledge so important today? Why is knowledge talked about in such an expansive manner? Many authors start their own work about knowledge by describing a change: “Current scientific debates as well as management discussions are characterized by an important shift of attention to knowledge issues as a major source of corporate success” (Von Krogh & Grand, 2000, p.13). Others attribute it to an inherent characteristic of the postmodern organization, which “centers attention on the growing importance of highly skilled, highly motivated, knowledge-based workers. Almost every author mentions this as the critical ingredient for future business success” (Clegg & Hardy, 1999, p.428).

Knowledge is quickly becoming the key resource for organizations in determining competitive success in global markets. Among the variety of factors mentioned to describe the shift are: the democratization of higher education, technological development, and the shifting of production of knowledge to a more “social” context (Nowotny, Scott, & Gibbons, 2001). What follows is an example of a current debate around the nature of knowledge production.

##### **4.1.1 The new creation of knowledge: Modes 1 and 2**

Ten years ago, Gibbons et al, (1994) published a book, considered a “seminal work” (Starkey & Madan, 2001) that examined different ways in which knowledge is produced in our society. What the authors described at the time stirred a contested debate still very much *en vogue* today; their second book (Nowotny et al., 2001) reflects analogous ideas.

Gibbons et al, (1994) argued that knowledge is being created in a new context, which is different from the traditional ways. This new mode of creation of knowledge, called Mode 2<sup>11</sup>, is described as contrasted to academic, disciplinary knowledge, defined as Mode 1. Though this distinction is “essentially heuristic”, it helps to clarify what they describe as an emerging trend in the production of knowledge: “It is our contention that there is sufficient empirical evidence to indicate that a distinct set of cognitive and social practices is beginning to emerge and these practices are different from those that govern Mode 1”(Gibbons et al., 1994, p.3). Mode 2 was described - as opposed to Mode 1- as a way of highlighting their distinctions but, according to the authors, both Modes coexist and are complementary. The main characteristics of both modes are described in Table 4.

*Table 4 - Modes of production of knowledge*

<b>Mode 1</b>	<b>Mode 2</b>
Generated within a disciplinary and primarily cognitive context.	Generated in broader, transdisciplinary, social and economic contexts.
Traditionally produced by universities, government research establishments, or corporate laboratories.	Created in non-traditional sites such as non-university institutes, research centers, industrial laboratories, think tanks, and large consultancies.
Form of production done within the interests of a largely academic, scientific community.	Form of production done within a wide, temporary heterogeneous set of practitioners, collaborating on a problem defined in a specific context.
Organizational form hierarchical and tends to be stable.	Organizational form heterarchical, which tends to be transient.
Has a defined quality control determined by peer review judgments.	Transdisciplinary; characterized by heterogeneity.
Disciplinary; characterized by homogeneity.	In some cases, seeks to be distributed as part of their business model.
Not interested in distribution practices outside academic boundaries.	

(Source: Adapted from Gibbons et al., 1994, pp.2-3, p.54)

---

<sup>11</sup> “Hopefully, a more felicitous term will eventually be found to describe Mode 2, but it is important to keep in mind that a new name has been chosen because conventional terms –such as applied science, technological research, or research and development– are inadequate” (Gibbons et al, 1994, p.2).

Mode 2 implies that knowledge is produced under a context of application, that is “under an aspect of intense negotiation and it will not be produced unless and until the interests of the various actors are included”(Gibbons et al., 1994, p.4); knowledge production becomes “diffused throughout society”.

This classification of knowledge production provoked many criticisms among researchers. Though other authors have also acknowledged the change from the traditional, formal way of knowledge creation into more flexible, and alternative manners (Alvesson, 1993), they did not present it in such a radical way. The considerable debate stimulated around the new Mode 2 concept is evidence of the importance of the issue.

The authors of *The New Production of Knowledge* have clearly set out the fact that there are different types of knowledge. Consulting knowledge is not Mode 1 but neither is it Mode 2, which describes large-scale high technology Research and Development. This debate was found useful in that Gibbons et al. (1994) managed to define a new type of knowledge by comparing and contrasting it to Mode 1 knowledge, academic and scientific knowledge. This is comparable to what this research intends to do, to examine consultants’ knowledge creation processes using the academic method as a tool or heuristic. The most pertinent way to describe how scientific communities create knowledge was found to be the Kuhnian description of how a scientific community works.

## **4.2 Knowledge, science and consulting**

This subsection seeks to provide an overview of knowledge and its relation to science. The intention is to establish the ground for the subsequent description of Kuhn’s understanding of what is knowledge and how it is created.

Traditionally, formal conceptions of knowledge have been closely linked to science. Official knowledge is legitimized by entities such as universities, centers of scientific research, and academic institutions, which provide a

recognized, specific framework for its creation and dissemination. Several years of education and academic training provide accepted indicators of the existence of “formal” knowledge. Knowledge creation, within this context, has always been closely related to research activity and its ultimate purpose: to achieve a better understanding of reality.

The strong positivist legacy and the rigor of scientific research have been dominant in most sciences for decades; especially in Western cultures where “the terms science and knowledge are often used interchangeably or combined to form scientific knowledge” (Gibbons et al., 1994, p.2). This legacy is still present in current criticisms of non-scientific organizations involved with knowledge production as being non-scientific and therefore “non-reliable” or “non-truthful”. Gibbons et al. (1994, p.2) continue to describe, “To be involved in non-scientific knowledge production is to place oneself beyond the pale, so that there is, today, a distinct sense of social isolation associated with participation in a non-scientific activity”.

It can be argued that the current hype on knowledge and knowledge management is challenging this strong association between knowledge and science. When Alvesson (2004, p.1) refers to “knowledge-intensive firms” he is not referring to scientific institutions as such, but to organizations that “revolve around the use of analytical and intellectual tasks, and are typically seen as requiring an extensive theoretical education and experience to be carried out successfully”. Still, it is not without facing legitimating issues that organizations can claim that they produce knowledge; management consultancies provide a clear example of this.

An alternative concept of where knowledge comes from is that it originates from practice. For example, Nohria and Eccles (1998, p.279), state that the main source of management knowledge is managers’ actions; “action does not merely follow knowledge, it also produces it”. The authors further develop their argument, “In taking action... [managers] generate knowledge for themselves, which upon reflection becomes knowledge that is used to guide future actions”. In addition, this knowledge that the authors describe is created upon reflection, constitutes data, which is then used by third parties, such as

academics and consultants, “who work with them and study their organizations”(Nohria & Eccles, 1998, p.293). Nohria and Eccles mention academics aligned sideways with consultants in their roles of data receivers from managers. Interestingly, both of these groups would be considered to be “knowledge-intensive” according to Alvesson’s (2004) previously cited definition. Academics and consultants take managers’ (or practitioners’) particular experiences as data, as valuable information, and process it. As Tierno and Young (1986, p.61) expressed it, “management consultants are close observers of business life”. However, the distinction arises: consultants process this knowledge and offer it back to managers in the form of advice, in exchange for money. The equation in this exchange is knowledge for pay; knowledge becomes commodified into a product, whether it is delivered in the form of advice, a report, or as a seminar. Academics, instead, process it according to their scientific standards and present it to their colleagues. What these actors share in common is the source: managers’ practices. Their processes might be different, but they do share something in common; “Data from a number of particular situations are used to identify patterns that are the basis for more general theories or models”(Nohria & Eccles, 1998, p.280).

Management knowledge inhabits managers’ actions and social practices. This could be a definition of the reality with which consultants are faced. A possible conceptualization of this knowledge is something that is out there, in everyday practices for anyone and nobody to own. “Management knowledge only exist[s] in and through the processes of circulation” (Sahlin-Andersson & Engwall, 2002b, p.6). This concept of knowledge embedded in social practices will be developed further in relation to the Foucauldian perspective.

### **4.3 An alternative theoretical approach**

After reviewing some of the main discussions around knowledge, this section presents the theoretical approach found appropriate to look at consultants’ knowledge. In understanding how Kuhn (1996) conceptualizes knowledge

creation as the collective effort of a scientific community, a point of entry was revealed into the study of the practice of consultants. The process of how academics and scientists create knowledge has been widely studied and observed in the past by many researchers. Kuhn's understanding of science was found to be the best scheme for analyzing consultants as knowledge-creators because through the concept of community it provided a way into consultants' knowledge creation practices.

Kuhn's understanding of how knowledge is created will be complemented with a Foucauldian viewpoint. Needless to say, it is clear that Kuhn and Foucault come from very different backgrounds and traditions. However, it has been found that they do share in common an interest in the dynamics and processes of knowledge and in what the rules are that regulate its production. Kuhn's notions will be developed first, followed by Foucault's perspectives, which will be used in a complementary way. Finally, a review of the main elements which they have in common will be presented, as strange as it may seem.

### **4.3.1 Kuhnian concept of knowledge creation**

Thomas Kuhn (1996), through his description of scientific revolutions, elaborated a sociology of knowledge where he described his theory of the development and progress of science. For Kuhn, knowledge advances through the work done by scientists as part of an interacting research community.

The concept of *scientific community* refers to a particular group of people who share knowledge about a particular area and conduct research within it. They belong to the same paradigm, another crucial concept introduced by the author. *Paradigm* is defined as being an "intrinsically circular" term; it is "what the members of a community share, and, conversely, a scientific community consists of men who share a paradigm" (Kuhn, 1996, p.176). In his 1969 Postscript, Kuhn answers criticism received around the confusion of the word "paradigm". He clarifies that paradigm can be used in two different meanings: a) as a sociological term: "it stands for the entire constellation of beliefs, values, techniques and so on shared by the members of a given community"; and b) on a more philosophical level: "it denotes one sort of element in that constellation, the concrete puzzle-solutions which, employed as models or

examples, can replace explicit rules as a basis for the solution of the remaining puzzles of normal science” (Kuhn, 1996p.175). The two different meanings of paradigm provide the basis for the shared implicit understanding of reality that members of a community have. This notion is also strongly linked to the definition of what he calls “exemplars”.

Kuhn believed that scientific communities progressed through the creation of exemplars. *Exemplars* are defined as *major pieces of research used by the members of an academic community as templates for solving ‘normal puzzles’*. They are the milestones, proved methods through which a community’s search for knowledge progresses. Addressing critics of his work, he further clarifies this point:

When I speak of knowledge embedded in shared exemplars, I am not referring to a mode of knowing that is less systematic or less analyzable than knowledge embedded in rules, laws or criteria of identification. Instead I have in mind a manner of knowing which is miscounted if reconstrued in terms of rules that are first abstracted from exemplars and thereafter function in their stead (Kuhn, 1996, p.192).

Kuhn believed that science advanced (and thereby knowledge was created) in the research conducted within a particular paradigm, solving issues that arose within it. He referred to this type of research as “normal puzzle-solving”, which involves mostly problems that could be efficiently answered by the researching members of the community, “the result of solving those problems must inevitable be progress” (Kuhn, 1996, p.166). “Normal science”, science conducted within a paradigm, focuses on a small range of very specific problems; it is a highly cumulative enterprise in which researchers build upon each other’s findings.

However, it may occur that a puzzle cannot be solved with the given paradigm. This unresolved puzzle might spark a crisis in the paradigm. Crises in scientific communities are sparked when “anomalies”, unanswered puzzles, disturb the paradigm. However, Kuhn describes situations where scientific communities co-exist with anomalies, even for years, until new researchers start addressing those issues (sometimes facing resistance by members of the

challenged paradigm). When researchers are able to publish their new findings in recently created journals, teach in universities and start disseminating their ideas, they manage to entail a new discussion. The conversation is started once again between scholars and it grows into replacing the obsolete paradigm.

This second type of research is called *extraordinary science*, and if it succeeds in creating a new paradigm (which can co-exist with the previous one or not) then a scientific revolution occurs. This is the second way in which science can progress, according to Kuhn. “Extraordinary science” refers to the specific research conducted that challenges the findings of a paradigm in crisis. “Revolutions close with a total victory for one of the two opposing camps” (Kuhn, 1996, p.166). This victory is seen as a clear signal of progress, further, members of the winning paradigm “are in an excellent position to make certain that future members of their community will see past history in the same way”. That is to say that in the future, they will appear in history as precursors of progress.

Kuhn believes that knowledge is created through academics and their research. Research is described as “a strenuous and devoted attempt to force nature into the conceptual boxes supplied by professional education”, and he finally questions, “whether research could proceed without such boxes”(1996, p.5). The particular education received is both “rigorous and rigid”, and arbitrary in a sense that provides definite answers for the most fundamental questions about reality. “Normal science, the activity in which most scientists inevitably spend almost all their time, is predicated on the assumption that the scientific community knows what the world is like”(p.5); that is to say that normal science solves puzzles for which the answers are in some way pre-defined.

Kuhn’s conception of what knowledge is will be the underlying theory used to explore management consultants and their belonging to a community. The author wrote, “Scientific communities can and should be isolated without prior recourse to paradigms; the latter can then be discovered by scrutinizing the behavior of a given community’s members” (1996, p.176). The chosen theoretical framework thus shapes the methodology selected too. A group of



consultants on corporate governance will be interviewed in order to find out what their practices are and how they create knowledge.

The study of whether or not consultants share a paradigm and a community might provide insights on how they construct and create their knowledge. As Kuhn expressed it: “Scientific knowledge, like language, is intrinsically the common property of a group or else nothing at all. To understand it we shall need to know the special characteristics of the groups that create and use it” (1996, p.210). Though consultants probably do not produce scientific knowledge as such, still, it is worthwhile to explore whether or not a common body of knowledge is shared among them, and -if it is- how they create and renew it. Intrinsically related, their knowledge creation processes may be understood by exploring their belonging to a particular group, to a professional community.

It is necessary to point out that the Kuhnian framework chosen will be used as an analytic device and not as an actual description of reality. This research will not argue that consultants are Kuhnian knowledge producers, but a Kuhnian approach will be used to explore them. Indeed, I am not looking at Kuhn’s theory to search for a description of consulting, but as a useful description of a knowledge production process, as a method of describing knowledge. As accepted as Kuhn’s notion of science is, it is acknowledged that there are also criticisms to his approach, particularly of his description of how things really are. For instance, see McKelvey, (2003, p.4) who characterizes Kuhn as an ontological and epistemological relativist, concerns beyond the scope of this thesis.

The methodology followed for the data collection and analysis will be structured around these two lines of analysis: paradigm and community. It is important to call attention to the fact that by using Kuhn’s conception of academic knowledge creation as a point of reference is not to say that this method is superior. No judgment on consultants’ practices or quality of knowledge is attempted.

Having reviewed Kuhn’s work around the key elements of paradigm and community, I will now turn to Foucault (1984/1960) to ponder some of the

main notions of *The Order of Discourse*. Though it may appear bizarre to complement such distinct authors, the earlier Foucauldian work was concerned with the rules by which knowledge is produced. In the analysis of those rules and in the notions of discourse and practices, I found a complementary aspect to Kuhn's conception of how knowledge is created and regulated within a community. The following section develops briefly Foucault's approach on knowledge and why it was found useful to use in a complementary way for supporting the Kuhnian perspective.

### **4.3.2 Foucault and knowledge**

Bringing the Foucauldian notion of discourse into the discussion on how knowledge is created provides a useful tool in exploring the practice of consultants. Foucault (1984) referred to everyday *practices*, which he defined as *procedures that control, select, organize and redistribute the production of discourse*. These practices include subjectification, normalization and rules of exclusion and inclusion, and are concerned with the rules by which knowledge is developed and produced.

According to Foucault, knowledge is present in society embedded in the social practices of people. Knowledge does not operate through the traditional thinkers or scientists, but through the practice of discourses. Discourses are present in society, grounded in a particular historical moment, and that moment highlights a specific understanding of how reality is constituted. "So, discourses, through what is said, written, or otherwise represented, serve to construct the phenomenon of our world for us" (Burr, 1995, p.49).

The implications of Foucault's ideas for this project are that the particular things that people say and write can be considered as "instances of discourses", as occasions where particular discourses are given the space to construct an event in a particular way. It follows that particular words of individuals are not articulated by them only, but by the larger discourse that is speaking through them. Consulting is being treated as a particular discourse, a discourse that is larger than the sum of the answers of the interviewees.

At the same time, Foucault believes that spoken words are given a space to express themselves in that particular moment, “we cannot speak of just anything in any circumstance” (Foucault, 1984, p.109), discourses are also forced into a space, constrained by rules and regulations. Burr (1995, p.50) describes a two-way relationship between discourse and said or written things: “discourses ‘show-up’ in the things that people say and write”, and them, in turn, “are dependent for their meaning upon the discursive context in which they appear”.

The later work of Foucault looks more closely at the way knowledge and power are implicated with each other. Knowledge and power are inevitably linked. Power, as knowledge, is conceived as something exercised through social practices in everyday life. “Foucault’s conception of power/knowledge insists that neither category can be considered independently” (McKinlay, 2000, p.107). This notion of power closely linked to knowledge comes from Foucault’s notion that “the position of enunciation of any given discursive statement is inseparable from what it does politically” (Jones, 2000, p.171); power and knowledge “necessarily develop with a devilish synchronicity” (McKinlay, 2000). The rules of discursive formation are always unequal relations of forces, one discourse imposes over others, and power is always involved in these interactions.

Central to Foucault’s notion of knowledge/power is that power is seen as something productive. Losing its negative connotation, power is considered as a creative struggle taking place when knowledge is exchanged, “In fact, power produces: it produces reality; it produces domains of objects and rituals of truth”(Foucault, 1977, p.194, cited in Townley, 2000, p.193). Knowledge and power dwell in each other. Foucault’s notions of discourse and knowledge/power relations are useful when looking at the practices of management consultants. As has been discussed, consultants seem to influence managers in various ways: through the effective transfer of what they present as knowledge, through “story-telling” rhetoric (Case, 2002), or by exerting a locus of control in an uncertain environment (Ernst & Kieser, 2002). In Foucauldian terms, this interaction is wielding a relationship of power between consultant and client. Thus, the Foucauldian twofold power/ knowledge is

relevant for this situation, where consultants present themselves as the controllers and organizers of knowledge.

Upon starting his dissertation on *The Order of Discourse*, Foucault (1984) describes how the institution (The Collège de France) “solemnizes beginnings” and imposed “ritualized forms”, surrounding him, framing expectations on what he was going to say. These expectations constrain and delimit his speech, but at the same time, provide him with a space to express himself. Foucault considers that expressions are constantly shaped and delimited by these discourses. Consultants’ practices can also be considered as having a delimited space to perform; an area provided, but at the same delimited, by the larger discourse of consulting.

Finally, knowledge for Foucault has very little to do with meaning, with content. What is really significant for him is change in the roles and procedures by which knowledge is organized, produced, and controlled. Meaning, like knowledge, changes all the time. Accordingly, if knowledge is created through practice and through the reigning discourses, and that constitutes reality, it would be impossible to control, store, and manage it. One of the implications of these notions for the present study is that words used by interviewees are not relevant; it is not the interviewees talking, but the discourse talking through them. Subjects are not important; it is not physical bodies that are speaking; to understand reality, you do not have to understand individuals, but discourses. Treating the consulting industry and practice as a discourse, this research uses this notions of Foucault to treat what consultants are saying as part of a larger group of professionals, a community, in Kuhnian terms.

The Foucauldian notion of knowledge as something created through practices and discourse provides new elements for the methodology design. Consultants will be analyzed as interacting with other consultants and their clients, and it is in these interactions and in their belonging to a wider group, that knowledge is conceptualized.

As different as Kuhn’s and Foucault’s ideas may seem, some similarities on their most important concepts were repeatedly found upon elaborating this

review. Both authors wrote about knowledge and the practices of control, distribution and legitimation that surround it. These commonalities are presented in the next section, which (perhaps too ambitiously) aims to highlight the fact that Kuhn and Foucault are not as dissimilar as it is thought.

### **4.3.3 Establishing new connections**

In reading together Kuhn and Foucault and their particular conceptions of the world, I started stumbling upon correspondences around some of their key ideas. This section, far from trying to rush into a deep discussion on theoretical grounds, simply aims to highlight some resemblance found between Kuhn’s and Foucault’s notions. Even if it can be argued that one author refers to social discourses present in society in general, and the other refers to paradigms within academic communities, the similitude of some aspects is strong enough to be perceived.

Kuhn and Foucault’s ideas are not necessarily complementary or comparable in this way; however, in looking at knowledge, it is interesting to see that the authors sometimes talk about analogous dynamics.

*Table 4 - A comparison between Kuhn and Foucault*

<b>KUHNIAN CONCEPTS</b>	<b>FOUCAULDIAN CONCEPTS</b>
<p><b>Paradigm</b> – A paradigm shapes individuals’ understanding of the world. It is the larger framework that encompasses reality. Members of a paradigm share an unproblematic world in common. The paradigm shared is the prevailing paradigm.</p> <p>In an earlier time, perhaps it had to compete with other paradigms to become the dominant one. In order to have access to the paradigm an individual must qualify in certain control and regulating procedures.</p>	<p><b>Discourse</b> – For Foucault reality is constituted by discourses that compete with each other to be heard through the expressions of individuals. A discourse is something greater than individuals; they are immersed in it. Discourses are embedded in all social systems of signification and also explain reality in a particular way.</p> <p>Knowledge is based on an institutional support which is maintained in society, being “reinforced and renewed by whole strata of practices” (Foucault, 1984, p.113). Similarly, for Foucault, certain requirements must be fulfilled in order to participate in the discourse.</p>

KUHNIAN CONCEPTS	FOUCAULDIAN CONCEPTS
<p><b>Anomalies</b> – Anomalies are unresolved puzzles that can exist within a paradigm for years, remaining unresolved, ignored by its members. The answers and framework provided by the paradigm are not enough to explain the anomaly.</p>	<p><b>Inconsistencies</b> – In a similar manner, inconsistencies may appear in a social system, however, the “creative subjects” of a discourse have rules to make the inconsistencies disappear, as there are procedures that make them appear as if they are making sense. Further, Foucault (1984) believes that errors in a discipline, which always exist beside the truths, have “positive functions, a historical efficacy” (p.118). That is, in a sense, the role of the Kuhnian anomalies in science; they trigger a crisis, which can then lead to progress.</p>
<p><b>Power/ Knowledge</b> – During a scientific revolution, extraordinary science occurs, and more than one paradigm competes with each other for subsistence. There is a state of conflict until the stronger paradigm wins.</p>	<p><b>Power/ Knowledge</b> – For Foucault discourses are competing permanently with other discourses to be heard. This, as it is closely related to knowledge, is a politically charged battle full of power struggles.</p>
<p><b>History</b> - Kuhn considers that reality and history are told according to the version of the prevailing paradigm. If the paradigm had not won over the other competing paradigms, then history and the past would have been presented in a very different manner. The winning paradigm shapes education, by describing a homogenous and continuous history of scientific progress in textbooks used for teaching.</p>	<p><b>History</b> – Foucault considers that historians also try to make sense of past events, “seeking to find out the regularity of the phenomena and the limits of probability of their emergence” (Foucault, 1984, p.128). The discourse prevailing when looking at past events will shape the understanding of the analysis. Further, the author states that education is a “political way of maintaining or modifying the appropriation of discourses” (p.123).</p>
<p><b>Normal Science</b> – Normal puzzles resolved within a paradigm occur within certain parameters already established. These ‘taken for granted’ issues also restrict and delimit the boundaries of a paradigm. A normal puzzle-solving activity is by definition normal because it has a specific way of being answered, a method already determined by that particular community that shows how it should be done. Kuhn talks</p>	<p><b>Practices</b> – Foucault believes that knowledge is regulated by procedures and constraints, practices that regulate the discourse. Every instance of discourse is expressed in a particular circumstance that delimits and constrains what is being said. At the same time as they delimit, those constrains also provide a space to speak, enable a possibility to be heard. Foucault</p>

KUHNIAN CONCEPTS	FOUCAULDIAN CONCEPTS
<p>about 'forcing nature into conceptual boxes', so that sense can be made of it. Those "boxes" are provided by the community and their rules, and also by traditional education.</p>	<p>emphasizes the restrictions a discursive formation has, for example "We know quite well that we do not have the right to say everything, that we cannot speak of just anything in any circumstances whatever" (Foucault, 1984, p.109). For example, audiences' expectations of what is said limit the discourse of a particular speaker. This is similar to the Kuhnian 'enabled space' that a knowledge-creating community provides, but also restricts, as it has to be within the paradigm shared by that community.</p>
<p><b>Community</b> - Kuhn (1996, p.209) expressed "the members of a given scientific community provide the only audience and the only judges of that community's work". The surrounding community limits and judges what is said too.</p>	<p><b>Discursive 'Policing'</b> - Foucault also believes that the circumstance that surrounds what is being said determines what is true or not. "It is always possible that one might speak the truth in the space of a wild exteriority, but one is 'in the true' only by obeying the rules of a discursive 'policing' which one has to reactive in each of one's discourses" (p.120).</p>

In *The Order of Discourse*, Foucault noted that, "Mendel spoke the truth, but he was not 'within the true' of the biological discourse of his time" (1984, p.119). Similarly, Kuhn has described how scientists like Copernicus or Newton had made discoveries that were not first understood because they fell outside the prevailing paradigm of their time. Foucault appears to argue along the same line when he expresses the fact that Mendel "needed a complete change of scale, the deployment of a new range of objects in biology...to enter into the true and for his propositions to appear (in large measure) correct" (p.120). Mendel needed a new paradigm, and for some time, his research must have been what Kuhn calls extraordinary science dealing with an anomaly.

This section has provided a flexible interpretation of Kuhn's and Foucault's main concepts. When looking at knowledge and the dynamics surrounding its creation, some of their ideas had a vague resemblance to each other. Table 4

tried to demonstrate that these authors can be used in a complementary manner.

#### **4.4 Conclusion**

For this study, knowledge is what the community that creates it defines, knowledge is what the community using it agrees on. In this chapter the theoretical framework that will be used for the present study was developed. Drawing ideas from the above discussions and theories, a Kuhnian approach, complemented with some of Foucault's ideas were found appropriate to conduct the study of consultants as knowledge creators.

One of the existing discussions about knowledge and its creation was briefly reviewed. The existence of Mode 2 knowledge is an interesting concept to describe knowledge as created outside the traditional boundaries of universities. Some of the elements discussed by Gibbons et al, (1994) are considered useful and enriching of the theoretical framework selected.

From a Kuhnian perspective, knowledge is being created through the research of an interacting, self-regulated, academic community. To define knowledge, Kuhn draws on a community's shared understanding of reality and practices such as the creation of exemplars, the regulation of that community and their normal puzzle solving. Whether consultants share a specific paradigm, whether they own a common body of knowledge, and what are their particular characteristics as a community, will be points of entry to explore their process of knowledge creation. From a Foucauldian perspective, the knowledge consultants claim to be delivering when giving advice to a client does not belong to their particular expertise, but to a wider discourse of consulting. In addition, Foucault's notion of power/knowledge will be used in the analysis of consultants and their relationships to clients. These notions will be taken into account as complementary elements for the Kuhnian approach.



## **CHAPTER 5: Methodology**

Having completed the overview and discussion of the available research leading to this study, this section now presents the setting of the scene within which this study will be undertaken, corporate governance in New Zealand.

The purpose of this section is to explain the research methodology used for collecting and analyzing the data for the present study. Within the broader umbrella of qualitative research, this project takes a fairly particular, theory-driven approach towards its methodology. As anticipated in the previous chapter, the methodology will be mainly based on the Kuhnian understanding of what knowledge is. The development of this theory into a methodological approach was established to be the correct strategy for analyzing consultants' process of knowledge creation. Among the available literature on consulting, it was not possible to find a more suitable method that would assist in achieving the purpose of this research.

In order to empirically analyze knowledge creation processes undertaken by consultants, a delimited field of expertise was chosen, corporate governance. The reason for this choice is to scope down the wide range of general management consulting. A description of the setting of the research and the reason for this choice will be developed. Semi-structured, in-depth interviews were conducted as the main strategy for collecting the data. I talked with consultants on corporate governance and key industry informants. Secondary data sources such as consulting companies' brochures and websites, together with books and media articles written by consultants were also analyzed as a complement for the study. The selection criteria for the interviewees will be outlined; the data collection methods and ethical issues regarding the research will also be considered. Finally, the possible limitations and biases of the research are evaluated.

## 5.1 Setting the scene for my research

In order to provide an empirical background for the research, the process of knowledge construction will be analyzed specifically in consulting on a particular area: corporate governance. Management consulting in general is an extremely wide and heterogeneous field of practice. Since there is a need to narrow the scope of the research, a reduced field of advice was selected. Corporate governance was chosen because it is a clearly separable area from management consulting that has distinct boundaries. It is a clearly delimited field that serves as an example to explore how a particular group of consultants construct their knowledge in order to be able to sell it in the form of advice. In addition, the study of the consulting industry is *per se* difficult because of the variety of different players. The methodology selected, focusing on a community of consultants, helps to tackle this problem.

Corporate governance is a currently relevant topic of interest in the field of management. Governance issues have stirred a considerable amount of debate internationally. This awareness of governance has been translated into a growing demand for consulting services on related engagements. This section aims to introduce the scene where the research is located. A brief review of corporate governance literature follows.

### 5.1.1 Corporate governance

Corporate governance origins can be traced back to the creation of the modern corporation. Chandler (1977) describes the evolution from the traditional family-owned business to the corporate company. Common features of today's public corporation were essentially developed with the separation of ownership and management: "In fact, the corporation is, in part, defined by a separation of ownership from control" (Daily, Dalton, & Rajagopalan, 2003, p.151). A new type of owner/manager relationship was installed, as dispersed ownership structure of public companies through shares and stocks was made available. Other major changes include the creation of the legal form of limited liability (Perrow, 2002), where the manager was no longer legally responsible for the liabilities the company may incur. Widely cited, Berle and Means's *The*

*Modern Corporation and Private Property*, written in 1967 was considered “one of the most influential analyses of the development of corporate governance in the twentieth century”(Clarke, 2004).

According to the definition provided by the OECD (2004, p.13), *corporate governance* “involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders”. The OECD had previously stated a set of *Principles of Corporate Governance* in 1999, illustrating the relevance of the topic for those countries. Further, the definition also includes that corporate governance “provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined”. There were a considerable number of countries that issued reports regarding good practices in corporate governance. The United States issued the *Sarbanes-Oxley Act*, in 2002; the Commonwealth country members had a document called *Principles on Good Governance*, issued in 2004. South Africa issued what is known as *The King Report*, and the United Kingdom issued *The Cadbury Report*; institutions like the World Bank also issued procedures on Good Governance.

The most basic structure of management and ownership of a common corporation includes a general manager or CEO, who is in charge of the operations of the organization, and a board of directors. Together, they constitute the governance structure of the organization. The purpose of the members of the board is to look after the shareholders’ (owners’) interests and to direct and design the strategic development of the organization. They usually run meetings where they are informed by the management team or the CEO about the situation of the company. Most publicly listed companies work in this manner. The importance of corporate governance stems from the significance it has for the “stability and equity of society”, for its collective impact (Clarke, 2004). It affects the core of a country’s economic development.

In regard to the academic literature available on governance, agency theory has been the dominant perspective that has prevailed in the academic paradigm. Stemming from economic theory, it basically presents the notion that the agent

(the CEO or manager) acts rationally, trying to maximize his/her own economic interest, and does not look after the interests of the principal/s (the shareholders or the owners); “The logical outcome of separation of ownership and control is the potential for disinterested managers to appropriate corporate resources for their own benefit” (Daily et al., 2003, p.151). For seminal articles on agency theory see Jensen and Meckling (1976) and Eisenhardt (1989).

As a response to agency theory, alternative theories that portray other perspectives of the dynamics between CEOs and boards were developed. Stewardship theory suggests that organizational relationships may be more complex than those portrayed in the agency theory, and that managers can be motivated by growth and self-development, feeling strongly identified with the organization’s objectives. Davis and Schoorman (1997) affirm that every manager can choose to behave as a steward or as an agent. For further reference see Muth and Donaldson (1998). Additionally, stakeholder theory proposes that the organization has ongoing relationships and commitments with internal (employees, managers) and external stakeholders (customers, suppliers, shareholders, investors). For a development of this theory see Clarke (1998) and Phillips, Freeman, and Wicks (2003).

In New Zealand, there is a need for further research on corporate governance issues (Fox, 1995). The study of things such as board characteristics (Mak & Roush, 2000), CEO duality, coupled ownership (Chiu & Monin, 2003) and other indicators, in relation to performance have been very popular in the governance literature, due (partly) to “the relative ease with which these variables can be obtained for research purposes” (Fox, 1995, p.173). However, the study of more “intangible” factors needs more attention, for example, what actually causes boards to be effective, not just their external characteristics.

### **5.1.2 Governance and consulting**

There is scarce available literature on corporate governance and consulting. Though the topic has been addressed by practitioners (Goldman, 1996; Levy, 1997; Van Der Werff, 2003), and has attracted new interest since the Enron scandal, including how large corporations reacted (Bushko, 2003); most of it refers to particular examples of consultants’ engagements with boards.

Kubr (2002, p.278) states in the latest edition of his guide to the profession of management consulting that consultants have always been interested in governance “since many questions for which they are brought into the company have to be examined and decided on at this highest level of strategic-decision making and control”. However, the author identified that not long ago; governance issues *per se* did not receive particular attention. Over the past decade, the role of corporate governance has changed considerably, and this has created increasing opportunities for consultants. Governance-related issues were formerly regarded as confidential matter of the owners and consultants had little saying in it in the past (Kubr, 2002).

Sahlin-Andersson and Engwall (2002a, p.289) reflect upon the importance of the context on the characteristics of the expansion of management knowledge. Particularly they refer to the “context of the knowledge flow”, and “time and place” as determining how ideas are edited, translated and carried. Time and space could not be more influential on the diffusion of knowledge on corporate governance. Post financial scandals like Enron, WorldCom or Parmalat, have made governance issues come to light, spurring an international debate that has been joined actively by the Securities Commissions of many countries who have issued regulations and procedures.

The impact that this international debate has had on large consulting firms’ activities is considerable. The dual service offered by most of these firms as auditors and consultants was questioned. Healy (2003, p.143) affirms, “Controversy over the standards of auditing has arisen at a time when the consulting arms of some of the major accountancy firms have put into sharp focus how much more valuable that part of their service has become than that of the traditional auditing part”. For example, in New Zealand, 70% of the top forty companies have paid more to their audit firms for consulting and advisory services than they have paid in audit fees. Accounting firms earn close to 75% of their total fees from audit clients from non audit work: “As a result, there is considerable growing skepticism about the integrity of the audit function and its independence from management”(Healy, 2003, p.143).

In today's globalized world where multinational corporations override countries' boundaries, the concern for corporate governance spreads quickly from one nation to the other. Thus, every organization, governmental or NGO, every law, auditing or management consulting firm, every corporation that worries about these issues becomes a carrier of knowledge about the matter. In Sahlin-Andersson and Engwall's (2002a) terms the self-sustaining cycle of creation of knowledge is started. Large consulting firms respond in a very measurable way when a topic is placed on the international public agenda. Their websites and reports reflect the importance of those topics, and this has been the case with corporate governance in the last year. Please refer to Appendix III for a brief review of corporate governance issues in the websites of consulting firms.

Therefore this is a good setting within which to conduct this research; on the one hand, it separates the area of governance intellectually, as something distinct and detached from the wider management field. On the other hand, regarding the issue of size, it provides a manageable scale, as corporate governance in New Zealand can be considered as a relatively small community. It is within this particular setting that the study will be conducted. However, as the interest of the research is to understand the process of how consultants build their knowledge around governance, the proper content on corporate governance is not considered essentially central for the study. The development of the process, not the content of the knowledge, is what this researcher is aiming to comprehend.

## **5.2 Methodology of this research**

Having described the setting wherein this topic will be empirically researched, this section develops the methodology employed. The research design chosen is essentially theory-driven. The research question addressed is to better understand a complex process: how do we obtain a better understanding of how consultants construct their knowledge of corporate governance. As explained in the previous chapter, the Kuhnian theory on academics as a

knowledge creating community will be used as a heuristic for exploring the practices of consultants as knowledge creators.

Kuhn (1996, p.209) wrote in his 1969 Postscript: “Having opened this postscript by emphasizing the need to study the community structure of science, I shall close by underscoring the need for similar and, above all, for comparative study of the corresponding communities in other fields”. In a sense, the author is opening the possibility of using his ideas for a wider purpose. The exploration of consultants as a knowledge creating community, even though they do not belong to the scientific family, might -in a way- answer this call.

The analysis of the process will be carried out by looking at the variables that, according to Kuhn, have to exist in order for knowledge to be created. These variables will be formulated into a set of questions, which will be used as categories of analysis. They will be considered points of entry into consultants’ professional practices. The next section will develop these in detail.

Complementing Kuhn, a Foucauldian framework will be briefly used when looking at consultants’ practices, relating knowledge and power dynamics, and by considering consultants’ answers to the interviews as part of a broader discourse on consulting.

### **5.2.1 Research design**

The design of this research stems directly from the theory. As described in Chapter 4, Kuhn believes that by looking closely at community members’ behaviors, one can discover elements of their shared paradigm. A community can, and should, be identified “without prior recourse to a paradigm” (Kuhn, 1996). However, the first challenge is to test whether the community exists or not. The chosen strategy is to investigate this with my chosen sample, by asking the following questions. Once the community is identified, the second broad category to analyze is whether or not their practices constitute a paradigm.

The following questions and areas of analysis were designed based on Kuhn's (1996) work, trying to identify what were the main elements that had to be present in order for knowledge to be created.

COMMUNITY:

*Community*

Do you feel part of a larger group of professionals? Who would you consider to be your colleagues outside the firm?

*Entry / Exit issues*

How is entry into the community (i.e. being a consultant) handled? Are there entry issues encountered by an outsider? Who determines who can enter into the community? Are there common recruitment practices? Do credentials matter?

How does exclusion from the community work? What are the exit procedures or practices? How does a member leave the community? Is it voluntarily? Is there an exclusion mechanism that works against the excluded person's will?

*Membership/ interactions*

How does membership get built within the community? How do interactions between members work? Are there face-to-face interactions? Is there a progressive process of acceptance within the community? Are there training practices?

*Culture/ language*

Is there a common culture, language; are there codes that members of the community use?

*Regulation of the community*

Is there a regulating mechanism within the community? How does it work? When somebody from the community deviates from common goals, what is the tolerance and what are the practices to handle it?

Of course, answers to these questions overlap into comments on the existence of a shared paradigm. This distinction is merely for analytic purposes. The



questions designed to explore the paradigm focus on the most important aspect within the paradigm that is relevant for this project, which is the notion of a shared body of knowledge.

PARADIGM:

*Shared understanding of reality*

What is the unspoken shared understanding of reality the community shares?

What things do they take for granted, as given? What is their understanding of the world?

*Normal puzzle-solving*

What are normal issues encountered in everyday life? What would be a typical consulting assignment?

*Body of knowledge*

Does the paradigm have a common body of knowledge? How do you add to that knowledge? What are the rules? Who gets to say what can be added and what cannot? Where does it get shared? Does accumulation of knowledge occur?

What are the practices for acquiring that knowledge? Who owns the knowledge produced within the paradigm?<sup>12</sup>

*Shared methods/ exemplars*

What are the methods used to solve those normal problems? Which of those methods can be considered exemplars?

*Communication and dissemination practices*

What are usual communication and dissemination practices concerning that knowledge?

By carefully considering these questions, a reasonably holistic picture can be gathered of what type of knowledge creating community consultants constitute

---

<sup>12</sup> This question does not represent a Kuhnian interest. It is not an issue for an academic community and its knowledge creation processes. However, taking into the account the broader discourse of consulting, intellectual property becomes a very important issue of concern.

and its practices. These are the elements that I will be looking for when conducting the interviews.

### **5.2.2 In-depth interviewing**

Interviews were judged to be the most appropriate method for collecting the data. By having access to consultants' experiences and accounts of their everyday work life, a great number of insights into their practice could be gathered.

There is a wide array of literature written on qualitative interviews and their implications for the researcher. Alvesson (2003) proposes a critical, reflective approach to the interview as a data collection method. The author questions the "traditional" perspectives (Denzin & Lincoln, 1994), which consider interviews to be a pipeline of information from the interviewee to the researcher. Additionally, Alvesson argues that different conceptions about reality portray interviews in different ways, according to the type of data they claim to collect. Instead, he puts forward an integrative approach between neopositivist, romanticist and localist perspectives, offering several distinct layers of analysis in order to grasp a deeper meaning of what is going on in an interview situation for each given perspective.

The present research is located in a more critical-oriented perspective than any of those questioned by Alvesson (2003). The metaphors he described were found very useful when reflecting upon the situations encountered. Six metaphors were found relevant for the present research. Violating the normal convention of writing the methodology section with the pretence of chronological order for the thesis, I will report my personal experience as an interviewer. I will do this for the purpose of clarity and to demonstrate the importance of interviewing with active reflection.

*a) The local accomplishment metaphor.* Local circumstances of place and time determine the knowledge exchange of the encounter (Alvesson, 2003). The meetings usually took place in business-type environments like the consultant's working office, or in other cases, at his/her home where he/she works. The present interviews were encounters between a non-New Zealander

(foreign) master's student and a working consultant. I realized that the fact that I am young and female had an impact on the scene. After finishing one interview, a consultant made a minor flirting comment. This slight observation presents evidence that I as an interviewer had influenced the encounter. In addition, being from another country also was a contextual fact that had an impact on the encounter. By noticing these types of things, a more analytical approach can be taken towards the respondents' answers.

*b) Establishment and perpetuation of a story line metaphor.* This metaphor "assumes that the interview is a highly ambiguous situation calling for intensive sense-making on behalf of the interviewee" (Alvesson, 2003, p.20). This sense-making effort was very clearly done by an interviewee, which caused some confusion. At one point, the consultant thought that I was looking for a job, which was not the case: *it has been quite apparent with some of the questions, every now and then you throw one in that says...I can tell you are looking for a job.* He then said that he was happy to interview me after the completion of my studies. Upon listening to the tape of that interview again, I was reminded of the sense that he was constantly trying to guess where my questions were leading to, trying to see a bigger picture, or discover was my hidden political agenda.

*c) The cultural script application metaphor.* This metaphor indicates the need for the interviewee to "rely on established cultural resources for establishing issues at hand"(Alvesson, 2003, p.20). Words, metaphors and available vocabulary are used to describe complex situations. In the present case, consultants often used common governance jargon and talked about what they considered typical issues without further explaining, assuming that the interviewer knew what they were talking about. Consultants often talk within their own "cultural script" when they refer to clients and to typical engagements. They are part of a larger culture, of a common practice, and that was reflected in the use they made of their "normal" issues. This was central for the study.

*d) Impression management interview.* This metaphor emphasizes the assumption that respondents want to give a good impression of themselves.

Interviewees want to communicate certain positive attributes through the answers to the questions. More importantly, they want to appear as “honest” respondents. Consultants are experts in impression management. Upon learning that a previous appointment with another interviewee was cancelled, one consultant said: *I apologize on behalf of the profession for that*. He also mentioned several times what ‘good’ consultants do and ‘bad’ consultants fail to do. He was clearly managing his image as a truthful person.

*e) The interview as political action.* In this metaphor, the political implications that the interview has for the organization and the impact that the answers may have on one’s reputation are considered. In the present research, there is room for political maneuvering because consultants interviewed belong to a small environment. Examples of common concerns among the interviewees are: *who else have you been talking to? What did the majority say about this?* This metaphor is also closely related to Foucault’s notion of knowledge and power. The interviews were analyzed from that perspective too.

*f) The interview as the play of the powers of discourse.* Finally, this metaphor indicates that the language in which interviewees are choosing to express themselves does not belong to their personal subjectivity, but to a wider order of discourse that is speaking through them. This metaphor, also from a Foucauldian perspective “suggests that discourse constitutes the individual”, and that the “discourses are making themselves present in the interview situation” (Alvesson, 2003, p.24). In the present research, a reading from this perspective would indicate that the broader discourse of consulting is coming through that is shaping the knowledge of what is being said in the interview. Professional discourses were heard too. The analysis of the interviews contemplates this perspective and takes it into account in a general manner. By analyzing the particular statements of the interviewees I am linking them in their belonging to a wider paradigm.

The reflection on these metaphors provided a wider and richer look at the research interview situation. Alvesson’s (2003) “reflexive pragmatic approach” enabled me to have a more insightful access to the data collected. Each

interview was considered while having these vivid considerations in mind. The author suggests that the research interview should be placed in an epistemological-theoretical-methodological context, not just a “method-technical focus”(p.31), which I tried to accomplish.

In the light of the theoretical framework of this research, reality is conceptualized as being complex, requiring reflection and analysis for its understanding. The data transcribed from the interviews were read in a search for elements that would give evidence of the existence of a professional community and of paradigm sharing.

### **5.2.3 Sampling**

The sampling done for this research can be considered as “theoretical sampling”(Charmaz, 2001, p.689), chosen not to represent a population, but to “develop the researcher’s theory”. Acknowledging the importance of defining the population, I identify mine as *consultants who give advice on corporate governance issues in New Zealand*.

Though at first this seems quite a straightforward criterion, when looking more closely into it, a series of problems arises. There are many aspects on which consultants give advice which relate to corporate governance; for example, recruitment of CEOs or directors, executive search, compensation policies, and so on. The selection criteria apply to all of those consultants who “claim” governance issues as their area of expertise, regardless on which aspect of governance they give advice. Corporate governance will be considered in general terms, including governance in non corporate organizations as well, such as NGOs, public organizations, and the like.

The first step undertaken to find the sample was to search on the Internet all consultancies in New Zealand. The search categories taken into account were very broad: “governance”, “corporate governance”, “corporate advice”, “corporate strategy”, “strategic development”, and “stakeholders”. In addition, all human resource consultancies were searched for words like “boards”, “CEO”, “recruitment”, “compensation”, “executive search”, and “director”. Secondly, the search was conducted mainly in the Yellow Pages, in business

directories and in informal publications (such as companies' brochures, business magazines, and the like). The search yielded consulting firms of all sizes and independent consultants. I decided to consider consultants independently, in spite of the fact that some of them worked for the same firm. The basis for this decision is that experience and background differ for each individual, and therefore their accounts on things may be different.

Broadly speaking, the consulting firms found can be grouped together under the following categories, with some of them belonging to more than one category:

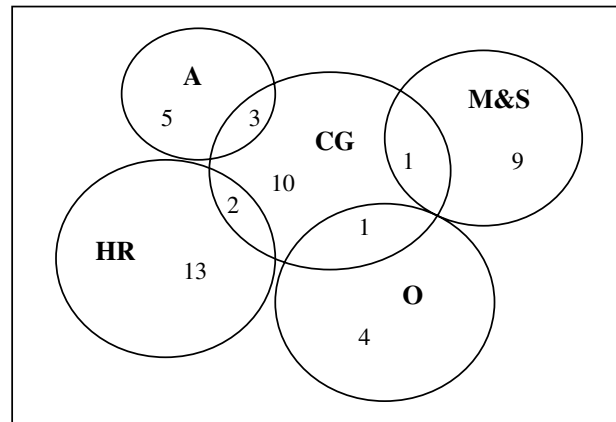
*Table 5 - Taxonomy of consulting firms*

- 
1. AUDITORS (A)
  2. HUMAN RESOURCE & RECRUITMENT (HR)
  3. CORPORATE GOVERNANCE (CG)
  4. MANAGEMENT & STRATEGIC (M&S)
  5. OTHERS (O)
- 

Second sources of important information for consultants' names were personal contacts from selected people within the industry, for example, members of the Institute of Management Consultants of New Zealand (IMCNZ), members of the Institute of Directors of New Zealand (IOD), and acquaintances of the Centre for Corporate and Institutional Governance (CCIG) at Massey University. The size of the population became relatively manageable within the New Zealand context, for everybody referred to similar people as the main providers of consulting services in the governance area.

The resulting list, which can be considered as a broad version of my basic population, was composed of 52 consultants. Two companies had ceased to exist, bringing the number down to 48 consultants. Figure 5.1 represents the firms and their focus according to the previously mentioned taxonomy.

Figure 5.1 - Taxonomy of consultant's population



Total: 48 consultants

A – Audit, CG - Corporate Governance, HR - Human Resources  
M&S - Management & Strategic, and O – Others

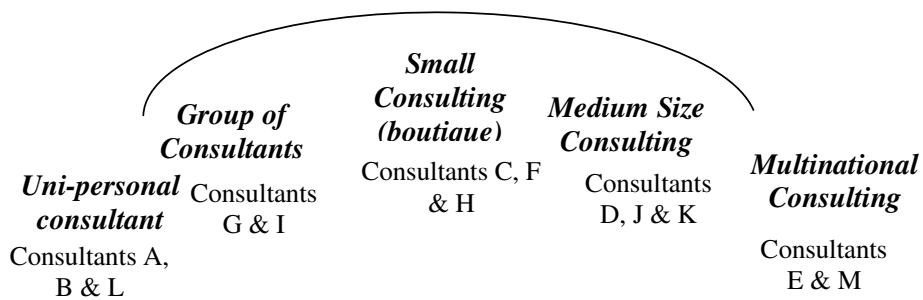
From within these consulting firms, I searched only those firms or independent consultants that explicitly named “governance” or “corporate governance” (or similar, related words) as part of their offered services or expertise<sup>13</sup>. This subsequent filter narrowed the list down to 17 firms. Indeed, it is important to mention that consultants who give “some” advice on governance were eligible for my research too. There are many consultants that provide advice on a number of areas, and do not focus on just a single one. This did not disqualify them as possible candidates for interviewing. From these 17 mentioned firms, and adding up those consultants who did not belong to a firm, but gave advice on their own, I came up with a preliminary list of 24 possible consultants. Finally, 12 interviews with 13 consultants were conducted.

It is acknowledged that perceptions and actions regarding the creation of knowledge will surely differ between consultants who work on their own, those who work in small, local firms and those who belong to multinational, large consulting firms. The latter will probably have a whole support structure already built and ready to use; accessible information is already processed for them. Size of the consulting firm probably changes the activities and behavior of consultants, and subsequently their knowledge creation practices. In conducting this research I tried to cover the whole spectrum of available

<sup>13</sup> In international companies, I also took into account the global website for this second selection, because I believed that a local consultant, by working in the firm, can access the information and knowledge available to its employees.

options. Ranging from a single-person consulting endeavor, to large multinational firms, the sample was chosen in order to cover a considerable part of the continuum. Please refer to Appendix V for a brief description of the interviewed consultants.

Figure 5.2 - Spectrum of the sample according to firm size



#### 5.2.4 Data collection and analysis

The data were collected using semi-structured, in-depth interviews with 12 consultants, which lasted (on average) an hour. Most of the interviews were conducted in two main cities of New Zealand, Wellington and Auckland. In addition, the consulting firms' websites, media releases and brochures were analyzed before each interview. Please refer to Appendix IV for the questions used in the interviews and an example of one page transcript. I personally transcribed the interviews, shortly after they were conducted. The identities of the consultants and their firms were not disclosed, which was an issue of concern for most of the interviewees, and was mentioned many times during the first contact with them.

The interviews were analyzed using a reflective approach by reading several times through the transcripts, and trying to find answers to the questions presented above around the Kuhnian concepts of community and paradigm. Discussion and Results sections are presented in Chapters 6 and 7.



### **5.3 Ethical considerations**

Interview inquiry is a data collection method that can be considered as a “moral enterprise”,(Kvale, 1996) where ethics play an important role. The participants of this research had been previously sent an Information Sheet that explained the details of the encounter. In that document, their rights as participants were outlined. It explained that interviewees’ names and the companies they work for would remain confidential, that they had the right to decline to answer any question or withdraw from the study at any time, and they could ask for the tape recorder to be turned off at any time during the interview.

Before the interviews were conducted, participants signed a Consent Form in which they agreed for the interview to be audio taped. The data collected, accessed only by my supervisors and me was kept under lock at the University. According to the University’s policy, all raw data on which the results of research depend must be kept for five years and then they will be destroyed. The proposal for this research was submitted to the Massey University Human Ethics Committee (MUHEC) for approval. Please refer to Appendix V for the MUHEC letter of approval, the Information Sheet for Participants, and a model of the Participant’s Consent Form used.

### **5.4 Limitations of the research**

Possible biases of the research are preconceived issues regarding the subject of study. Consultants are often critically regarded by academics as incapable of creating and transmitting “real” knowledge. The awareness of such issues involved may be considered a bias when studying, from an academic perspective, consultants as being knowledge creators.

Management consultancies have already a public image of being knowledge-intensive firms,(Alvesson, 1993) therefore, consultants may feel compelled by

this perception of being conceptualized as “knowledge-workers”. There is a danger that they would answer the questions influenced by this public image – that is, by what was previously described as *Impression management metaphor*. In an attempt to prevent this bias, the researcher -using Werr and Stjernberg’s (2003) data collection strategy- conducted the interviews focusing on the consultants’ everyday activities, taking into consideration small details and actions described.

The research was conducted within a practicing group of consultants in corporate governance; therefore criteria of generalization and objective measurement do not apply. One of the inescapable weaknesses of this research is the lack of representative data that may be drawn from the interviews conducted because the sample for the research is small-scale. However, one of the ways to discuss generalizability is to take into account the Foucauldian notion of discourse that what each subject expresses represents not only his/her personal views and experiences, but also a larger discourse.

Owing to the particular nature of consulting businesses and the practice of viewing the personal experience of each consultant as a unique journey, inference of theory applicable to *all* consultants is not possible. On the other hand, considering the paradigm of governance, 13 consultants is quite a solid group of professionals and provide a thorough description of how their knowledge creating practices work. Their accounts will not be considered as separated and single sources of information. They will be taken into consideration as drawing in basic and common elements that are available to all of them, as part of the same paradigm. The fact that they may have some elements in common with a wider community of consultants that exceeds the one advising in governance is a possibility that will be explored.

On a more personal reflection, the fact that one cannot detach oneself from one’s personal characteristics when one addresses another individual in an interview situation had its obvious consequences for the research. For example, being a foreigner, or having English as a second language. Interviewees may have felt bound to explain things in more detail to me, as I am much younger than all of them. However, the more those consequences are

considered and mentioned, the more they are internalized as part of the knowledge creating process that is doing academic research. Besides what was being explicitly said in the interview the researcher was consciously aware of other dynamics present in the environment as the interview situation developed. As described earlier in the chapter, many of these situations were noted and reflected upon, and although they may not be isolated, at least by acknowledging that these tensions happen, the understanding of what went on during the interview is more complete.

## **5.5 Conclusion**

This research was focused on understanding consultants and their practices. In order to comprehend how they function and what they do, an investigation into how they create their knowledge seemed to be the most appropriate approach to study them.

Among the available literature, not only was there no consensus on what constitutes knowledge, but also there was no suitable method suggested on how to study consultants. The heterogeneity of their practice makes them a difficult subject of study. These barriers were overcome by using the Kuhnian theory on scientific knowledge creation. Kuhn's (1996) ideas provided an appropriate way to look at consultants as a knowledge creating community. Kuhn set the main guidelines, and even invited further research done by comparing alternative communities.

The present methodology, strongly theoretical, is based on two main concepts elaborated by Kuhn: community and paradigm. From these, I developed categories and questions, which -when answered and reflected upon- will provide a thorough picture of the characteristics of this community of consultants and their knowledge creating practices.

This chapter provided a description of the context wherein this research was conducted: advice-giving on corporate governance. The choice of a smaller

area within the large field of general management consulting offered useful boundaries that were crucial to clearly identifying the limits of a smaller group; this helped to define a community.

Following Kuhn's advice, the method for gathering data about the paradigm was by first collecting information on the practices and behaviors of its members. In-depth, semi-structured interviews were found to be an appropriate choice. Questions were oriented at consultants' everyday practices and transcripts were analyzed using the variables developed from the theory. Alvesson's (2003) critical approach to interviews proved invaluable in adding reflection to the analysis. The methodology of any study is permanently being tested along the way of the research journey. So far, this one has proven to be a correct choice.

## CHAPTER 6: The Community of Consultants

This chapter and the next, *The Paradigm*, present the results and discussion of the present research. In accordance with the chosen methodology, the interviews conducted were analyzed and screened through two broad concepts: a) community, related to people; and b) paradigm, related to ideas, including the body of knowledge shared by the community.

In this chapter, community practices carried out by consultants are addressed. To talk about a community of individuals may appear arbitrary when it comes to analyzing the factors that constitute it. Communities, based on Kuhn's (1996) understanding of the term, are composed of professional colleagues. It is through its members' interactions with each other and the sharing of their knowledge, ideas and beliefs (paradigm) that the community is constituted. As seen before, this concept of *community* entails that it should be able to be identified without any prior recourse to the existence of a paradigm. It is in the sharing of this common link (common practices and common knowledge) that the community finds its identity and the paradigm finds its existence. In Foucauldian terms, it is the participation in the discourse of consulting that unifies the community members' practices. In this section, the aim is to describe several communities that were identified in the data. Further, I am going to briefly draw on Foucault's notion of practices and general rules of inclusion and exclusion, normalization and concept of discourse to analyze the data.

### 6.1 The concept of community

In everyday language, the term *community* implies familiarity, closeness and belonging. Though these elements may be present in a community in the

Kuhnian sense, they are not enough. Kuhn refers to a group of professional colleagues, and certain elements are necessary to determine its existence. These issues (as seen in Chapter 5) are shown around events such as entry requirements, exit procedures, membership conditions, interaction among members, and regulation of the community, among others. The purpose of this section is to explore whether consultants in corporate governance form a community, and if they do, what its salient characteristics are.

### **6.1.1 The term *consultant* and its implications**

Terms and language used by people help to shape and constitute their reality. Within the present studied group, a primary controversy appears with the definition of the term *consultant* itself. It is in the use of this word that different identity building concerns began to be revealed. Though from a discursive perspective, concepts are not as important as the relation between them, the discussion around the term *consultant* provides evidence of the richness of its interrelated implications.

Many of the interviewees were aware of social connotations that the use of the word *consultant* has. Some of them were reluctant to use the term to define what they did: *I think we actually struggled with the...description of management consultant...because I suspect we are not a typical profile<sup>14</sup>...* This consultant said he could not really come up with an alternative word that suited him better. He and his peers felt *limited* to call themselves consultants; he believed they were “different” from the general management consultant.

Some informants refused to formally call themselves consultants because of the negative social association with the word. Consultants are also those “in-between jobs” who are not “real” consultants. However, as consultants, they have answered my request to participate in a study on consultants and their practices. They have not doubted their suitability as possible candidates for this research. There seems to be a social acceptance, at times even a resignation, to being called consultants, even if they do not want to be called that. Some of the implications related to the wording belong to the external

---

<sup>14</sup> Interviewees’ direct quotations are presented in italics.

world of consulting that exceeded the boundaries of their professional group (governance).

Previous research supports these findings, Robertson et al (2003, p.851) found that “by reinforcing individuals’ sense of self as professionals, not ‘just’ consultants”, a consulting firm strengthened the identity of its workers. The authors described how elitism was strongly transmitted in the internal cultures of two consulting firms studied. Consultants who work in elite-type firms probably want to differentiate themselves from the rest of the pack *of professionals that have dubious qualifications...as one interviewee said.* Related to the use of the word *consultant*, a distinction between “us” and “others” was identified.

### **6.1.2 Professional identities and community**

Several overlapping levels could be identified, which may indicate the existence of alternative communities. The first level that appears is that defined by what can be called the “prototypical professions”. These are the professional communities composed by accountants, lawyers and doctors. A few consultants chose to identify themselves with their professional background. For example, one of the consultants who worked in a large auditing firm said: *the community gets together through the Institute of Internal Auditors, because we are part of the Institute, our fellow competitors are also part of the Institute. So we would get together as part of that community...so I think you could argue there is a community, but they are linked through the old professions...*

In addition, a partner in a large consulting and auditing services firm stated: my profession is accountant. *That’s my training, that’s my technical background, that’s my professional qualification. I am a member of the Institute of Chartered Accountants in New Zealand, and therefore what am I? I am a chartered accountant...That’s what I am...* He later defined himself as a provider of professional services and was explicit in not using the word consultant at all. *You’ll notice I didn’t use the word consultant, but I provide services to companies in those areas...* This was also the case for another

informant who said, *I don't like the word consultant...I see myself as an economist and specialist in corporate governance...*

Contrastingly, another interviewee took a contrary position. He explained that as an engineer, he had previously been a member of the Institute of Engineers, however he added, *I am not an engineer, see I sort of gave that away 'cause I wasn't an engineer, I wasn't doing engineering...*In this case, his professional identity is not stronger than his identity as a consultant. He considers his profession to be consulting -he is not an engineer.

Professional backgrounds have an enormous impact on consultants' practices. Different professional educations shape the understanding of their current consultants' practices. Previous research findings suggest that these mixed identities provoke conflict in the roles that the consultant must play (Deetz, 1998).

Further, a different type of community was identified through the organizational identity found within large consulting firms. One of the large consulting firm members described his/her group as having a strong international presence. Although each country branch is autonomous, they refer clients and work in teams all over the world: *we work closely within [Consulting Firm's Name] and not just within NZ but globally...we work with other [Consulting Firm's Name] officers around the world to service those clients... there's quite a community within [Consulting Firm's Name] around how you service a client and meet their objectives...*This sense of community and belonging is created within the large firm and is part of their corporate culture. Internal traditions are fostered, and consultants feel part of a *bigger family*. This structure exceeds the organization's current workforce; former employees continue to feel a sense of membership. One of them expresses it thus: *because I worked there, because I know people from there...I keep tabs on what is going on...and they keep tabs on me...it's alumni...you were one of them...*To belong to a large consulting firm or not, or to be a former employee in one implies participation in a different type of community. In addition, most of the large consulting firms are constituted as partnerships. As part of the consulting career within a large firm there is the promise of ownership in the



firm, a practice that strengthens their organizational belonging and identity building.

As one interviewee expressed it, *consulting firms are...a collection of people with egos...they are not easy to manage*. In the group of interviewed consultants, five out of thirteen had previously worked in a consulting firm and had eventually left to set up on their own. This trend can almost be considered as a practice within the industry. It would be interesting to study the implications for the industry of this pattern of small consulting firms growing out of larger consulting firms, and what impact this has on consultants' knowledge creation practices.

As consultants keep in contact with their former employers, the community seems to transcend the organization boundaries and becomes established through the personal face-to-face contact in alumni reunions, or in passing around engagements. Large firms have developed such an infrastructure that they have managed to constitute microcommunities of their own, which at the same time transcend the limits of the firm. There is a clear interest, both from the firm and from the leaving consultant in continuing the relationship on good terms.

An unusual case was presented by a medium-size consulting firm, which subcontracts thirty consultants. The manager of the firm referred frequently to the word *community* to define their structure. The impression transmitted through its website is of an image of closeness, togetherness, and of a strong internal culture. Though this structure of subcontracted consultants is not common, it presents an interesting dynamic where community practices can be explored. The consultants are contracted, while they *own their own businesses, they invoice [the firm] every month*. The firm guarantees to provide work, *75% utilization of their time...any of our people could at any time, from legal and practical points of view, go out and build with somebody else...* This unusual structure of consulting firm presents characteristics of a more flexible large firm, where sharing of knowledge occurs in a different environment.

The community built around the specific consulting profession, very evident in the consultants' discourse, makes up a third, distinct, level of analysis.

According to many, consulting and governance belong to the cluster of “semi-professions”. These are professional practices that lack a unified regulating body or education requirements, thus have a contested status of professionalism. Interestingly enough, in spite of lacking a unified body regulating the entrance and accreditation process, consultants seemed to share an unspoken sense of community. In one way or another, everybody alluded to it when talking about “being a consultant”. It became clear that experience was the main accreditation factor. This issue will be developed in more detail later.

In addition, a community formed by the interest in governance can be traced worldwide. For example, an informant who emphasized his governance expertise expressed it: *in some ways I belong to a bigger group, which is really people that are interested in what I am interested in [governance]...but it's informal and it's more sort of global I suppose...* This consultant is explicit in highlighting the fact that he feels part of a wider group of people -which is spread internationally- well beyond the national boundaries of New Zealand. Further, another consultant who had a strong global focus on her work said, *that's my interest really, yes; so I don't particularly want to be mixing with a whole lot of New Zealand consultants...*

These different types of community are present in different intensities and vary according to the particular situation of the consultant interviewed. It is concluded that a clear overlapping of the different levels of communities occur. Consultants have mixed professional identities, according to what aspect of their profession they stress: professional background, organizational belonging, or current practice.

In the next section the existence of two formal institutions related to the consultants interviewed, and how they impact on their community belonging practices are explored.

### **6.1.3 Formal institutions and community**

The Institute of Management Consultants of New Zealand (hereafter IMCNZ) is the national institution that regulates and defines itself as overseeing the profession of consulting in the country, providing a formal certification for

registered management consultants. It includes 64<sup>15</sup> consultants who advise in a variety of fields; 57 of its members are certified management consultants (CMC). However, from the 48 consulting firms that constituted the basic population of this research, only 5 were members of the IMCNZ. Please refer to Appendix II for more information on the institution.

Opinions of the interviewees regarding the IMCNZ differed widely, portraying once more the mixed visions of consultants of their own profession. An interviewee who was a former large consulting employee, talked of a sense of community and belonging shared with his former peers, which was stronger than his present belonging to IMCNZ. He describes it thus: *I worked for [Consulting Firm's Name] for 12 years...I've got a sense of community with them, that's different from the sense of community with the IMCNZ, because I have worked with them all, so that's probably the key...*

Another member said that he joined the Institute because he was an *institute junkie* and the subscription was cheap, and that he had wrongly considered it as a networking opportunity. When asked why he joined the IMCNZ, another consultant answered, *I wasn't going to join an accountants' society or a legal professional group. So, therefore it became a logic of extension. Do you belong to a group? Yes...* Though this was clearly not the case for the majority of the interviewees.

Opinions about what role the IMCNZ played in the profession also differed a great deal. A member consultant said, *the Institute is perhaps...a key nucleus of the atom of management consulting. But there are electrons that are whizzing around, a few will come into that community and go out again...* Another group of informants did not feel represented by the Institute at all, nor did they think it added any value to their profession. An example mentioned was, *the market is too tiny and the quality of the people we were mixing with didn't make me feel that I was doing something that was really worthwhile...*

---

<sup>15</sup> Source: Personal email communication on 15/10/04.

Members of the Institute usually belong to small firms or work as independent consultants. Large firms' consultants were described as not needing to become members: *they themselves have enough critical mass to offer and standards and ethics, they've got themselves...* Although some consultants mentioned it when talking about networking and contacts, its small size reflects its irrelevance for the practice of management consulting in New Zealand.

A second formal institution mentioned frequently by the interviewees was The Institute of Directors of New Zealand (hereafter, IOD), the professional body for New Zealand company directors. A consultant described the IOD as her belonging group, as her *professional network*. It is natural that the IOD nucleates the corporate governance community, especially in such a small country; its role is one of qualified importance. Most of the interviewees had at some point been involved in one of the activities of the Institute such as courses for directors or membership.

Other formal organizations less frequently mentioned were: The Commonwealth Association of Corporate Governance (CACG), established in 1998 by twenty-four countries to promote good governance principles; The International Corporate Governance Network (ICGN), created to exchange information on governance internationally; The Association of Executive Search Consultants (AESC), the worldwide professional organization for retained executive search firms; and the Institute of Chartered Accountants of New Zealand (INCANZ), the professional accounting national body in the country.

In general terms, formal institutions did not represent the structures of a proper community in the Kuhnian sense. Though most of them probably add to the networking and mingling of consultants with other professionals, their importance in the present study was found to be marginal.

## 6.2 Entry/exit (inclusion/exclusion issues)

Depending on what is considered to be a community, boundaries and entry/exit criteria vary. If a community is considered to function within large consulting firms, then their entry and exit practices are related to their recruitment strategies, and the relationship developed with alumni; matters widely alluded to in the practitioners' literature and media (Czerniawska, 1999, pp.202-211; Kubr, 2002; Taylor III, 1998). If instead, a community is considered to function around the IMCNZ membership, which was conceptualized as a dubious representation of consultants, entry issues such as credentials and qualifications are considered too. The following section reports on these considerations of inclusion and exclusion.

A former large firm employee, in charge of the recruitment and training within the firm, narrates his experience in a large consulting corporation: *I think there are a lot of benefits...I think you learn an awful lot about the consulting process...you get access to bigger projects, you have a safer, managed environment to train in. Instead, when you are out, you are let loose on your own...* The general belief is that if people are hired by a large or medium-sized firm and trained in them, they are "officially" consultants. They have entered the community through the accepted pathway and they are not questioned about their legitimacy as consultants.

There are a large number of former employees who have exited the large consulting firms. Reasons mentioned were an unbalanced lifestyle and personal/professional struggles, internal politics, frustration with bureaucracy and hierarchical structure, and tension in the internal climate. In fact, high turnover is conceptualized as a common practice within the industry. Another medium-sized firm uses these factors as their recruitment strategy. For example, an interviewee said that because of some of these well-known disadvantages of working in large firms, *is how we get people out of those big consulting organizations*. This quotation represents the situation of some of the smaller firms, which rely on recruiting senior consultants, and do not need to worry about training practices, for the consultants they hire have already been

qualified: *We don't train; we don't develop any new talent...we found that we don't actually need to either. And that's one of the dangers in the whole market. We are not being terribly responsible servicing that market, in that regard...*

In addition, with this consultant the “exclusion” procedure used within their firm was discussed. This firm, as explained before, was a rare case in that they subcontracted consultants. The manager referred to a very straightforward way in which members were excluded from the firm, *It is quite simple really, they just don't get any work*; though he did say that they dealt with the issues upfront, otherwise it could become *corrosive* for their community. However, this simple rule, “they just do not get any work”, seems to be the case for consultants who work on their own. Basically, by not getting any referral work consultants cease having clients and get out. It is as if they “slide” out of the community. Their services are no longer required, and there is no demand for their supply. Are consultants who are not actually working because nobody hires them still consultants?

In more general terms, when discussing the universally known low barriers of entry for consulting as a profession, a respondent said: *My sense is that a lot of people call themselves a consultant when they are out of work. So I guess that's me being a bit snobby really...you know, that actually that's my profession and has been for 15 years...* Another consultant, when explaining how he entered the profession described how he became tired of being an investment banker, retired for a while and *started doing a little bit of consulting on my own*. He would be the “in-between jobs” individual who used the low barriers of entry of the profession. He later was invited by one of the principals to join a consulting firm. Yet nobody would think about questioning his status as a consultant today, after many years of experience.

The main inclusion issue seems to be either about being formally hired and trained by a large firm, or acquiring the status via experience. Once a person has collected years on the job as a consultant, this seems to work as a passport into the community and he/she is not questioned as an outsider. They become an accepted member, who can refer to other newcomers in the profession as

“not real consultants” because they are “in-between jobs”. As one consultant said, when talking about consulting in governance, *it’s one of those terrible catch 22 situations, if you don’t have experience in governance, then how do you get experience in governance?* The same case seems to occur for consulting in general. The concerns mentioned and the use of expressions like *one of us*, or *one of them* exceeds the boundaries of the corporate governance community and appears to be an issue in common with other management consultants.

### **6.3 Reputation/Credibility**

The importance of reputation within the consulting practice is crucial for a consultant’s survival. For a consultant, reputation’s significance lies in the fact that it becomes translated into referrals, which in turn, increase the possibilities of attracting new work. Examples of the importance of reputation mentioned by the interviewees were: *All our work is referral work, or I do not really advertise myself, I get a lot based on reputation and word-of-mouth...Some of our clients have been with us for 10 years now...Long-term relationships are generated between consultants and clients who hire them throughout the years. The closer the relationship, the more likely it is that clients will refer others to the consultant and that is how personal contacts and network dynamics develop. Further, the argument can be extended that it is crucial for the survival of the industry, if it is taken into account that reputation is a “quality control mechanism”*(Kipping, 2002, p.39).

Reputation is sometimes built up at a personal level, which is the case for consultants who deploy services on their own. On a larger scale, reputation is developed through the brand of the firm. The large firms are especially keen in marketing their name and developing a good image behind it. In order for reputation to have influence in the community of consultants it has to be reasonably small, in order for people to know each other. The consultants interviewed were thirteen people from a larger group of twenty-four, relatively

medium-sized population. Interviewees mentioned other consultants in governance they were familiar with.

The evaluators of the “quality control” being delivered are ultimately the clients, and it is they who approve or defame. If consultants do a good job, then this contributes to their reputation and they might be hired again. If their reputation were ruined by a dreadful assignment, they would probably lose all future possibilities of working with that client. Reputation seems to be managed at two levels: at a firm level, related to its marketing and branding practices, and at a personal level. In her findings, Walsh (2001, p.33) points out that a large proportion of the consultants participating in her study believed that “their clients hired them for their individual, as opposed to their firm’s, reputation and expertise”.

There seems to be a control mechanism over the work of consultants that functions through reputation and referral practice. Indeed, among the interviewees, these issues were considered as most important; they were called *their sourcing of work*.

However, another important aspect about reputation is the impact it has on the internal front, within the consultants’ community. Credibility is for a consultant an element of peer recognition and belonging. In order for a person to gain or lose credibility internally in the community of practicing consultants, the information about success or failure on engagements has to be passed around. This internal reputation system shifts part of the power that clients have in building fame for professional proficiency to peers. Clients may ask other consultants for references on a prospective consultant; internal reputation has a heavy influence on the politics of client-consultant relationships.

These mechanisms of power which are tied to reputational practices can be said to be working at two levels: externally and internally on the community. Externally, they redistribute awareness about the competency of the consultants involved. Internally, they also work as legitimizing of a consultants’ belonging to the group. A consultant who has succeeded with a



prestigious client will be interested in passing around this information within the community, for it will help him/her gain peers' respect.

### 6.3.1 Credentials

An essential part of a consultant's reputation in the construction of his/her knowledge is the formal credentials received. Every consultant who was interviewed -but one- had formal education credentials, mostly at bachelors, masters and doctorate levels. Their academic backgrounds were very diverse, ranging from engineering, accounting, and psychology, to economics to name a few. The distinct origin of their academic education did not appear to be an issue of concern to any of the consultants when commenting on credentials and credibility. As Alvesson (2004, p.17) expressed it, "the significance of education is not self-evident". Although there are other ways to become a consultant, it is an established tendency that consulting firms go to universities to hire their workforce.

There seemed to be a widespread consensus that, regardless of what academic training was received, years on the job are needed in order to legitimize the title *consultant*. According to the recruitment criteria of large consulting firms, academic excellence was a *sine qua non* prerequisite for the candidate. Interestingly enough, another consultant brought elements from another paradigm (the academic) to build up her credibility as a consultant. She was completing her PhD: *internationally, the doctorate is a recognized qualification...so if you have a doctorate in governance...there's far more credibility to what you have to offer...It increases how much you can charge.* "Education", Alvesson says (2004, p.17), "may also be seen as something of an indicator of competence and as legitimizing expert status and high fees".

It can be concluded that consultants, in order to build their reputation need in the first place formal education credentials. Whatever the specific background a strong education, seems to be an essential credential.

### 6.3.2 Branding

In consulting, brand building and marketing are considered central to commercialize professional services offered by firms. At first sight, size seems to condition the existence of marketing strategies. An independent consultant relies almost exclusively on “word-of-mouth” and his/her branding effort is almost entirely based on reputation; while large firms have invested in their branding campaigns.

Large firms can be considered to be successful in their efforts to develop a brand or a name that indicates quality of service. People coming from large consulting firms are perceived and treated as belonging to a “category” of professional consultant. For example, an interviewee stated, *you know what you are dealing with if you got a fellow employee of [Consulting Firm’s Name], you know what you’ve got, there are no risks about what he will do and how he will perform because you know they wouldn’t be there...you’ve reached a certain level...* In fact, a manager who subcontracts senior consultants to work in his firm described how they basically pursue to hire consultants who worked in the large firms: *The reason we target them is that they are well-trained, generally well-educated, and they are productive as consultants...*

However, the branding effort developed by large firms seems to have produced a collective recognition; quality encompasses all of the large firms, without any real differences among them. The interviewees who worked in large firms were particularly eloquent about this: *the difficulty with firms these days is that they all look the same, they all smell the same, they all say they have big clients, they all say they have overseas opportunities for travel...* Another senior partner, from a competitor’s perspective, described a similar idea: *there are a lot of similarities between the firms...we provide the same services, to the same business community.* This similarity reaches their knowledge capabilities also. Each firm has its technical databases where its consultants gather their information together, *they’ll have their own processes and methodologies, but they all end up in the same sort of outcomes...*

In spite of this homogenization among large firms, consultants furiously work on their branding and marketing strategies and on developing their particular internal culture to differentiate themselves. When talking about a booklet on corporate governance they had published, this consultant described that it was not done for a purpose of direct sales, though it was considered a marketing tool: *It's all about saying to the marketplace, if you think of governance, think [Consulting Firm's Name], we wanted to claim that governance space as our space...* This is interpreted as a powerful brand-building action. Their brand is their expertise in governance. They are using governance as a marketing strategy.

Previous research has identified that marketing efforts in consulting takes place on “entirely different grounds than other business sectors”. Glückler & Armbrüster (2003, p.290) argued that these are ultimately replaced by mechanisms of “experience-based trust” and “networked reputation”, which help to “bridge the uncertainties” of the management consulting industry. It has also been documented that the brand name of a consulting firm is built through the use of a variety of symbols, which normally favor incumbents (see Kipping, 2002, p.40).

Branding and reputation have been analyzed because of their importance in knowledge production practices in consulting. The facts that in the delivery of the professional service there is a strong element of trust, and that business relationships are built on a long-term basis, have an impact on the characteristics of the knowledge being delivered, the emissary has to be trusted in order for that knowledge to be considered truthful. Knowledge produced by these large firms has a “brand” that guarantees its trustworthiness and barely faces legitimating issues. In a paradigm where there is a lack of regulation and formal certifications, brands from large firms act as guarantors of that knowledge.

## 6.4 Other common daily practices

There are some common procedures in the consulting industry that have become established patterns of behavior, which will be called ‘practices’. The Foucauldian perspective would see the construction of these practices according to the rules of formation of the consulting discourse, influencing and shaping consultants’ actions. Some of these practices are part of the business of consulting (i.e. branding, billing on time), whereas others occur without forecast (i.e. the high number of consultants who leave the large firms to set up on their own). This section aims to describe those practices related to the use of communication, reading habits, publication and their impact on the consulting community. The next chapter, which deals with the existence of a paradigm, addresses more specifically those knowledge-related practices.

### 6.4.1 Communicating/Presenting

Many consultants mentioned communication skills and show business approaches they use to present their work in client engagements. These practices can be considered as skills that are expected from consultants; they are anticipated to be entertainers and “people persons”.

These expectations of them are some of the constraints on consultants’ practice. Their audience -the clients- expects them to perform. For example, one consultant describes the need for a public speaking ability, *to be successful at [consulting] you’ve got to go and walk into a boardroom full of strangers and take over...* Another consultant describes her experience: *I have never been afraid of public speaking...that sort of thing. I don’t have any hesitation about standing up in front of a group of people and talking to them...* It appears that one way to demonstrate abilities within this community is being able to perform publicly.

Another important channel through which consultants communicate their work to clients is through the form of written reports, *that’s really the stuff that we trade, so it has to be exemplary... that’s what people are actually paying*

*for...* Their primary form of trade is the written report, another practice common to the community.

The trading report and the oral presentation are the “deliverables” of the consulting business; they “trade” these for money. In the academic profession, the form of trade is also in written form, the journal article. However, academics write journal articles not for students, not for their Universities (from which they receive their income), but for their peers. The impact that the “deliverable” has on their jobs is more indirect. Admittedly, with the modernization of universities, more and more academic positions are dependent –among other things- on publication performance. Instead, consultants write their reports for a very specific audience, their clients, who directly pay for it. The “deliverable’s” impact on their income is immediate.

#### **6.4.2 Reading**

In looking at consultants’ reading habits our understanding of their practice increases. This section presents a brief overview of books, journals and magazines read and published. Though most of the interviewees usually read considerably, their views on reading as part of their formal working activity differed. On the one hand, some had reading as part of their professional development; *I normally I spend about 1/5 of my time reading.* On the other hand, others did not think it was that important, *You can only read so much in the face of the things that you must do in the day...*

Most of the interviewees mentioned that they kept updated on their clients’ activities through the national business media. The consultants who had personal assistants had news clippings prepared for them regularly. A point that was repeatedly emphasized by the interviewees was the importance of keeping updated about what was going on, both nationally and internationally, in their areas of expertise.

##### *Books*

Interviewees described how they were active book buyers. *We buy whenever we see good titles that are linked to one of our service line areas...* Similarly,

most of them admitted to not actually “reading” them, but just to having a quick skim through. They do not read all of them, *there aren't many that justify that...* Authors repeatedly mentioned were Ralph Ward, Joseph Healy, Roger Martin, Michael Jensen and John Carver. In a Foucauldian sense, these key authors work as legitimators of the knowledge on governance in that discourse. The fact that several interviewees mentioned these indicates their importance within the discourse.

#### *Journals and magazines*

Governance publications mentioned were as follows: *Boardroom Insider*, *The Board Café*, *Board Advantage*, *Global Advisors*, *The Boardroom Magazine*, *The Director*, and e-newsletters on governance. More general-oriented journals briefly mentioned were *Journal of Management*, *Communications*, *Academy of Management Review* and some practitioner-oriented journals such as *Harvard Business Review* and *Sloan Management Review*. Finally they alluded to a journal that is oriented exclusively at practicing consultants, *Consulting To Management - C2M*. Only a few of the consultants interviewed read academic journals. Those who had some relationship with academia did; however, it was not considered a common practice among them.

#### *Journals and newsletters published*

More relevant than the publications they read are the publications that actually get published within the community. To publish a newsletter has a very different purpose for a consulting firm from that which it has for an academic researcher. Though comparison is not the purpose here, some alternative reasons as to why a consulting firm publishes a newsletter will be pondered. Consultants from the large consulting firms mentioned that publishing newsletters and publications was a heavy investment of their time and resources, though they publish different kinds in New Zealand, and the firm publishes many more internationally.

Another consultant commented: *The problem with most consultants' newsletters is that they come out once in a blue moon and often because they are erratic and irregular they sort of send the signal that these guys haven't*

*got any work so they are just looking for some more...* Communication signals are sent and are being interpreted by the audience that the consultant has free time, which is not a good marketing signal. On the other hand, a newsletter published by one of the firms has created a whole new line of business through the subscription charged.

For marketing purposes, building public recognition and awareness of the firm's brand are always motives behind a communicative action such as publishing a newsletter. One consultant, who publishes a bi-monthly bulletin admitted, *is a bit of an advertising thing*. The information published in it is *primarily what comes out of the work that we are doing...* He also mentioned that part of the audience targeted by the newsletter are groups and organizations that cannot afford their fees as consultants and that they see that as a way of *extending their market...* In a sense, consultants' newsletters are a type of hybrid between an academic practice and commercial publishing.

*The case of Consulting to Management -C2M*

A few of the consultants interviewed read regularly a publication called *Consulting to Management*. This journal can be considered one of the few mentioned by interviewees that have the structure and the codes of a scholarly journal. Its content is mainly practitioner-oriented. It publishes four issues per year and is peer-reviewed by an editorial board. It is owned by a not-for-profit educational corporation, which was established in 1981.

*C2M* was formerly called *Journal of Management Consulting*, and in 2000 changed its name, "in recognition of the many changes in the field and scope of consulting". At present, in its definition, *C2M* does not call itself a journal, but a magazine on professional development, "serving consulting professionals worldwide" ([www.c2m.com](http://www.c2m.com), 2004, para 1). Both its scope and target have shifted from having a partly academic, partly practitioner audience, to mainly practitioner consultants. Additionally, it describes in its mission statement, "*C2M's* mission is to develop, collect, and publish the growing body of knowledge within the consulting field both as a profession and as a business"; further it states "this journal brings to consulting practitioners' advances in concepts and working tools, helping them to enlarge and perfect their skills".

In the first editorial published under the new name, its editors explain the reasons for such change. They indicated a need for the journal to evolve to a “broader notion”, together with the field of consulting. They assert, “like the profession itself, we must keep pace with the demands of our market” (Shays & Simon, 2000, p.1). They shifted their market to consultants all over the world and clients who are interested in learning more about consulting.

In addition, this shift is reflected in the change of name from *Journal of Management Consulting* to *Consulting to Management - C2M*. Their focus is a more practitioner-oriented audience. At the same time, this variation indicates willingness to distance itself from the academic community as such, though still maintaining some of the community’s practices, like publishing in a journal format and peer-reviewing it.

## **6.5 Conclusion**

Communities are about people. From the interviews conducted stemmed evidence of a complex reality. In concluding this chapter, the argument that a consulting community exists can be sustained. Through a complex network of relationships, consultants act as members of a greater community of professionals. However, the community sustained together by consultants is not cohesive and simple. Consultants bring elements from different institutions when they talk about their identity and profession. In terms of community belonging, there are traces of several communities that overlap and intersect in consultants’ everyday practices. A first level of community entails consultants’ professional backgrounds, or what they sometimes refer to as their “formal professions”, sometimes related to their past education credential (like accountancy). In some degree overlapping this is the content-specific community of people interested in governance. A third level of community could be identified by organization, especially within large consulting firms; a sense of membership, that transcends the boundaries of the firm and extends internationally and to former employees.



Credentials and credibility, for a profession that does not have a formal education to career pathway seem to be built through the standards of word of mouth and reputation. There is still an important reliance on things such as formal education, and traditional credentials, like the consultant who felt confident that her doctorate degree would work towards the building of her credibility and reputation as a consultant. In such situations it could be argued that codes and conducts from diverse communities are being mixed.

Interviewees were bounded by the word *consultant*, even though some of them resented it. By looking at their common practices, general similarities were found in their habitual ways of communicating, the publications they usually read, and the places where they developed their professional networks.

In the present research, hints of more than one community were found in the discourse of consultants. Distinctively, there is a governance community whose members share concepts and knowledge, which will be specifically explored in the next chapter as a knowledge-creating community. On the other hand, there is a larger management consulting community whose members share practices, entry codes, knowledge, face-to-face communications and networks. This latter community exceeds the governance one, for it could be argued that it has elements in common with consultants from a variety of other areas of expertise. What those communities have in common is that they intersect in the daily activities of the interviewees.

In an informal manner, or it could be said, without a formal structure that gathers them, these consultants behave as an interacting community governed by norms. Consultants are the judges of who is included and who is excluded. They also have parameters for considering what is knowledge and what is not, an issue that takes us to the discussion on paradigm and knowledge. A community is a group that shares ideas about something and shares practices on how to work around those ideas. In the next chapter these common ideas are looked at as part of a paradigm.

## CHAPTER 7: The Paradigm

In a complementary way with the previous discussion on community, the focus of the first section is to see whether or not belonging to a particular community is linked to the sharing of *ideas* and the sharing of a *body of knowledge*.

Following the Kuhnian framework for the thesis, certain elements that add up to a consultants' paradigm are analyzed, for example shared understanding of reality, "normal puzzle solving" in governance issues, common methods used, evaluation mechanisms, and others. The second section refers more specifically to the *body of knowledge*, which is a step more explicit than the *ideas* of a paradigm. Elements explored are concerned with knowledgeable practices consultants draw on, how they store knowledge, what the norms for creating that knowledge are, and how it is shared among the members of the community and shared outside the community. Consequently, what follows is an effort to explore consultants' practices in terms of their paradigm sharing.

### 7.1 Paradigm: ideas

The Kuhnian concept of paradigm refers to *ideas* shared by a group of scientists or an academic community. These ideas and concepts in common help to shape their vision of reality. The term *paradigm* will be used in this study in a flexible way, as it will be applied as an exploration tool to study a group of practicing consultants.

To participate or not in a paradigm may be conceptualized as an explicit decision, just like the belonging to a particular community. However, it may occur that consciously or not, people's conception of the world and "puzzles" that they encounter as "normal" problems, are the same as those of a larger group dealing with similar issues. In a practice-oriented community, it is difficult to draw the line of "where" a shared paradigm starts, and who is in or

who is out. After conducting several interviews with a selected group of people, it was concluded that almost every consultant shared similar concerns about the same topic. Upon further analysis, it became clear that some of their basic assumptions about reality are the same. Coupled with other things, a paradigm can be considered to exist under these circumstances.

Paradigms are composed of ideas shared by people around the work they are performing and about a particular conception of reality. These ideas are usually focused on main issues or “puzzles” considered normal, on the best methods available to resolve these issues, and on what is considered an exemplar, among other issues. By describing these ideas, the aim in this section is to explore whether or not the consultants in corporate governance belong to a paradigm.

This research is focused on the actual practices that constitute a paradigm. It is the process I am seeking to analyze, regardless of its content. However, the following analysis does rely upon the content and treatment of corporate governance issues. The study is based specifically on ideas related to corporate governance in order to empirically examine the practices of the community.

### **7.1.1 Shared understanding of reality**

Members who share the same paradigm have similar views on their understanding of the world. They have an unproblematic world in common, a taken-for-granted sense of reality. Many of the things that are taken for granted are therefore not questioned, and it becomes tricky to identify them, as people do not necessarily articulate them. In order to explore this shared, unspoken understanding of reality I drew on indirect evidence taken from the interviews.

The way that I looked at “taken for grantedness” assumptions was by being reflective when the interviewees talked to me as if I were “one of them”, expressed in comments like *you are obviously familiar with*, or *of course you know what I am talking about*. Taken for granted assumptions can be evoked by an explicit question of the interviewer (which was not the case), or by the need of the interviewees to instruct the interviewer, as an outsider of their profession.

For example, a basic assumption that clearly came through in almost all interviews was the concern that consultants shared around the importance of corporate governance for the efficiency of organizations. There was no question for them about the need for a good governance structure as a *sine qua non* condition for a company to perform successfully.

Another assumption identified was the notion that governance structures and their application in organizations is currently a fashionable topic on the agenda of both national and international business communities. Many of the interviewees described that the concern for governance was experienced at a global scale. During the last decade, there has been a significant increase in the publication of regulations and procedures from different countries. Some consultants mentioned that this increase had originated as a response to the financial scandals witnessed in the late 80s, and more recently, with financial meltdowns of companies such as Enron, WorldCom and Parmalat.

One consultant who works in a small boutique firm said, there is an underlying commonality that drives [issues in governance], just basically good practices... which are almost universal. But different cultures have different ways of doing things... which creates different stresses and different elements. Analyzing this sentence, there is an assumption that there is an element of human universality in governance, because ultimately its related issues are about people and human behavior. Globalization is considered responsible for the rapid diffusion of corporate governance practices around countries. The need for working across cultures is another understanding shared by the interviewees.

When talking about New Zealand and its place in the international debate of corporate governance, one consultant said that from all the countries that had published and disseminated reports on good principles on governance, *New Zealand is clearly not one of them*. The underlying assumption is that countries that have managed to circulate their “good practice” codes for corporate governance (such as, for example, South Africa, the United Kingdom or the United States) are seen as having an advantage. Apparently, having a publicly known regulation on governance fosters a positive international image of a

country, which communicates to the international investment community seriousness and professionalism.

The way people perceive reality and their understanding of how things work, shape the normal problems they encounter. This section needed a different type of evidence from that required by the rest of the chapter. The understanding of how the field of corporate governance functions also works as a starting point for defining what are the usual problems encountered. The next section will describe what those common problems are.

### **7.1.2 Normal puzzle-solving**

Kuhn refers to “normal puzzles” as those puzzles that ought to be solved by the known rules and procedures within the paradigm. In this case, normal puzzles will be considered as those archetypal problems encountered by the consultants interviewed on governance. Usually consultants come across them through their clients’ requirements.

In general terms, normal puzzles mentioned by the interviewees were: boards that were having trouble with performance management and goal setting; disclosure of governance practices and codes of conduct; board dynamics and decision-making process; ethical issues; design of board committees and sub-committees; compliance and continuous disclosure of publicly listed companies. Further themes mentioned as “normal tasks” performed were: design of board reports on retirement allowances, directors’ compensation, board performance reviews, and board self-assessments, among others. Interviewees generally agreed on the “normality” nature of these tasks.

Other normal puzzles are those that are discovered when international regulations have an impact on national companies. For some of the consultants interviewed the “customization” of global policies to national companies was an area of normal puzzle solving: *At the moment, in terms of key issues in the marketplace, we have things like International Financial Reporting Standards (IFRS). We have a lot of regulatory flavors in the market around things like Sarbanes-Oxley that affect some of the companies in New Zealand, the big companies...*

Another area of normal puzzle solving identified is the tension created between compliance with governance procedures and the performance of companies. Structures and rules were presented as opposed to growth and development of the companies; a struggle was described as existing between them. In general terms, many interviewees thought that previous consulting work done on governance had been very much focused on compliance issues. A consultant from a large firm defined it this way, *structures and rules...there was debate around who should be sitting at the board table, what committees should we have, what skills should they have... A whole lot of very important things, but very rules- conformant based.* Yet, the real puzzle that this consultant perceived as needing to be solved was different: *my concern was that we could have all of that, but when we sit around a board table as directors or when the directors sit there, how do they turn their minds to actual performance? And there's an ancient old sort of saying "conformance versus performance"... I guess we could say that so much of the debate was around rules and regulations that it was out of balance...*The consultant further added that the challenge was to keep a balance between complying with the rules while keeping the company still growing and developing.

Credentials, reputation and experience requirements for board members can also be considered as an issue of normal puzzle solving for this paradigm. A consultant said, *In New Zealand I think there is more of a tendency for board members to be people who haven't necessarily been senior executives. They have been leader advisers or you know, public accountants, chartered accountants, so those sorts of people who don't have that sort of operational experience...*The issue of promoting the role of directors as a serious profession that needed regulation was one concern that frequently came up during the interviews. For example, a consultant said, *I think it is interesting that universities are offering governance diplomas degrees, I think that they have to...And there needs to be a society, a professional body that regulates the profession...*

A recruitment consultant described board appointments processes as sloppy affairs, and that it is about *who they know...it is like a club.* A second recruitment consultant supported this idea: *the appointment is still based on*

*the “old mate” system, who do you know?...In other words, it is done with a lot of serendipity...* This situation was worsened by the fact that New Zealand’s business community is relatively small compared to international standards, and it has a sense of a local neighborhood where everybody knows each other.

There was a general consensus among interviewees about what were normal puzzles. The application of international regulation to local companies, and keeping the balance between performance versus compliance of firms seemed to be the two areas where most puzzles came from. To tackle these, interviewees mentioned similar techniques, methods and templates used. This commonality in methods used to solve puzzles also constitutes one of the basic characteristics of their paradigm, which is outlined in the next section.

### **7.1.3 Shared methods**

When talking about corporate governance, many of the consultants interviewed referred to a shared source of information composed by laws and international reports concerning governance guidelines. Among others, these include the *Sarbanes-Oxley Act*, issued in the US, the *OECD Principles on Corporate Governance*, the *Commonwealth Principles on Good Governance*, *The King Report* from South Africa, *The Cadbury Report* from the United Kingdom and the World Bank issued *Procedures on Good Governance*. In a general manner, all consultants interviewed used these documents to shape their notions of what is “good governance”.

One of the independent consultants, although he did not believe that *best practice* in governance was promoted by the large consultancies, mentioned that there were some issues already solved by research done by these firms. Examples he mentioned were how to pay board members or how to remunerate the management team, *for those things the large firms have already developed knowledge and seem to know what works*. This consultant had adapted John Carver’s governance model, the one he found was theoretically and practically appropriate, and worked on this adaptation to develop his own *Governance Program* for organizations.

Another consultant had developed a theoretical framework, which was applied quite frequently when dealing with client organizations. He described that to work with clients, they *introduce this model and ...use this approach as sort of the agenda for the discussions...which has been extraordinarily successful*. The consultant described how they used the agency theory-based approach developed by Michael Jensen, a leading academic from Harvard Business School, who is also a consultant in governance: *We've adapted this for a number of settings, we've used it in a number of settings... we've used it with not-for-profit boards, so it's a model which I think travels reasonably well between different sectors with appropriate modification...*

Some of the more common methods used to tackle their normal puzzles were mentioned repeatedly during the interviews. In a very straightforward manner, the interviewees referred to normal tasks performed for their clients such as formal document drafting, design of codes of ethics, design of evaluation forms for board members, running of seminars for directors and the like. Other examples mentioned were: disclosure of governance practice statements, code of ethics for the directors, expense policies for the directors, a whistle-blowing policy scheme; various guidelines on board evaluation and board charters. An additional method mentioned for dealing with board interactions was the running of seminars where board-coaching activities were performed.

From these shared methods, there are some that are used repeatedly by consultants, for they are perceived as effective. In Kuhnian terms, an effective method or a good piece of research is considered an exemplar within the paradigm. In the next section the way in which consultants identify these exemplars will be explored.

#### **7.1.4 Identifying “best practices” or “exemplars”**

Exemplars are tested ways of solving normal puzzles that a community uses within a paradigm. They are templates that have been shown to be valid and useful, for they use the rules at hand and they constitute “milestones” in the advancement of research within the paradigm. Consultants seemed to be familiar with a similar notion, which they call *best practice*. The difference is



that *best practice* refers to those practices or procedures that top performing organization use.

Within the consulting in governance paradigm, many consultants talked about what was *good practice* or *best practice* in governance. Their aim is to help their clients achieve this best practice in governance related issues. Most of the time, they referred to practical examples of organizations that had been successful in doing particular things. For example, a consultant from a small firm said, *I think the area that we've got to in terms of seeing what's best practice is being able to look at the outcomes and look at what the functions are in boards that work...* to “extract” best practices from an already successful board by identifying its success factors.

Another consultant, who had an academic background, was more skeptical about what was considered best practice; she used the expression as a rhetorical element that other consultants use: *What is good practice? There is a fiction out there that there is a “best practice” for governance, but no one has done “best practice” research...Best practice implies that you have actually identified who are the high performers and then you go and do research to find out what is it they do that makes them a high performer, and that is how you establish they are best practice...and you set the standard. There is no such thing in governance, no one has done that research and yet places like the IOD and most of the consultants constantly use the phrase “best practice is”...* She even said that she avoids using the term *best practice*, which she defined as “consultants’ jargon”, in a way distancing herself from those “other” consultants. *I think it's misleading in the governance area, as there is no best practice...I think that people are looking to promote themselves, to substantiate what they say as credible, and they use terms like “best practice” to put credibility into what they are doing...* This consultant believes that academic research is the legitimate validator of knowledge.

Another consultant gave an example of how he did research in order to learn what best practice is in the audit area:

To think about what was best practice for internal audit is, we do some market research, we do some studies, we take some global ideas and

then we use that to reinforce our knowledge, and we share that with our clients...When we think about “best practice” we often think about well, where else in the world has [Consulting Firm’s Name] created this knowledge?...Someone else has spent millions of dollars more than we have, investing time in doing research or looking at results of how companies have performed or at experience, coming up with an answer. So I think in terms of answering your question about best practices often the first “port of call” because we are a smaller organization, part of a global organization is...our global knowledge base. We also contact practitioners who had a specific expertise in their field and basically we are like a sponge, you know we try to absorb what they believe are “good practices” or “better practices”...it’s a sharing thing...

A senior partner of a large auditing and consulting firm uttered the above quotation. Elements like research done in other parts of the world, sharing and getting feedback from clients and amalgamating all that information are involved in his notion of best practice. This quotation reflects a reality about the paradigm of consulting, the privileged position consultants have achieved in terms of having wide knowledge databases that are updated throughout the world. Further, their profession allows them first-hand access to their clients’ expertise. This exposure to practitioners in their field of advice shapes their understanding of knowledge and the application of that knowledge.

Similarly, one more consultant said that to define best practice in governance, they take *what others define as best practice and we add our own dimensions to that*. When asked who those “others” were, he said, *these various international studies done...we are synthesizers...And then we add our own dimensions to that, based on our own direct experience with clients...* When talking about what was effective governance or good governance practice another interviewee said, *it’s like beauty, the absence of it is apparent, but it’s very much in the eye of the beholder...good governance is a bit like that too...you sure as hell know when there is an absence of it...*

Best practice is similar to an exemplar in that it is also a notion that travels in templates consultants have found useful to deliver their services. Interviewees explained that when they come across or develop a model that works, they keep that template and continue using it throughout time. In a sense, this

notion of best practice embedded in templates is similar to Kuhn's exemplars. However, the main difference is that these templates do not get freely shared in the community, it is the property of each consultant (or firm), an issue which will be developed further.

### **7.1.5 Evaluation practices**

One of the strongest criticisms received by the consulting industry is the lack of standards for measuring the quality of what is delivered. When asked about the value they added to their clients and how their performance is measured, interviewees' answers and opinions differed. For example, some consultants had formal structures, like quality surveys or post assignment reviews, *our quality surveys are not meant to be rigorous, [they] have the objective of asking our clients "How can we do things better?" They are an operational, practical, continuous improvement program that the company's had for many years...* Others did not have formal evaluation procedures, but relied on their clients' direct feedback.

Another consultant, who worked on his own, said he measured if he had provided some value to the organization by keeping informed of his former clients' development. His clients gave him tangible examples of things that had improved since his intervention. Things such as *attendance at board meetings increasing; time in the meetings making decisions decreasing; difficulty in getting board members decreased, there was even a waiting list for members that wanted to get on the board...* According to this consultant these facts were enough proof of his work adding some value.

The difficulty of evaluating consultants' work is related to the intangibility of the product they offer. As a consultant commented, *a lot of what we deliver cannot be reduced to dollars. There will be a dollar impact but it would not be able to be quantified. We would say that, if we are going to deliver value, we have to understand what is value in the minds of our clients.* This shift to value conceptualization in the mind of the client brings an element of perception to the evaluation process, subjective to the person who perceives. It is one of their rules, as one interviewee stated: *ultimately the client measures value.* He described how careful they needed to be about framing and defining clients'

expectations about their future work. In addition, the way the firm evaluated if what they have delivered really did add value to the client was by monitoring clients after the advice; to see whether they had changed their behavior or not: *If it doesn't have any impact or influence, or the client's is not doing anything with it, then maybe we did not add much value there...*

Previous literature on consulting has identified the problem of evaluation and assessment of value delivered by consultants (see Ernst & Kieser, 2002, pp 63-66). Internal evaluation procedures done within large consulting firms have also been described in some studies (Werr, 2002). Further, Deetz (1998, p.161), in his Foucauldian reading of the consulting discourse, mentioned the importance the client had for the consultant, "A constant refrain was attention to the customer". The line most often repeated by consultants in his study was "in consulting if you don't please your customer, you're out of business". This power client have through re-engagement mechanisms is analyzed in their role as evaluators.

**a. Clients as evaluators**

An interesting feature of this paradigm is the role the client has on the evaluation process. One consultant describes it: often ...is about framing the expectation. So we may have done the best job, but the client says you didn't give me any knowledge...I didn't get any value...and often, because the perception of value is so personal...is not what I say is actually the answer...is actually what the client wanted...This notion of value being a matter of perception, which depends entirely on the client, places clients in an unusually strong position. The client in such cases can be considered a "powerful" evaluator. However, this power not only comes through clients ability to pay for the consultant's advice, but in terms of their own knowledge and experience around the topic of advice.

Consultants' situation can be contrasted with that of other professions. Academics, for example, have students as "clients"<sup>16</sup>; they deliver their professional service (i.e.; teaching) to them. However, students mostly do not evaluate teachers; it is other teachers who evaluate their colleagues. It could be

---

<sup>16</sup> In most cases, academics' main source of income is teaching.

argued that as students are not competent enough to evaluate a teacher's knowledge, peer-review mechanisms exist. If we take this idea to other traditional professions, we find that lawyers and doctors also have "weak" clients, who do not have the technical knowledge needed to evaluate their performance. In most of these cases, professionals are peer-reviewed by either colleagues or by formal associations (composed of colleagues) that regulate their profession.

Consultants and their clients present a different situation. Clients and consultants are more like social equals, in the sense that they may have similar knowledge around the topics at hand. Considering the Foucauldian notion of knowledge and its close relation to power, power is divided more evenly between the consultant and the client, as their differences in what they "know" are not as significant as in other professions. An interviewee described this distance, *you just have to be one step ahead of your client, you don't have to be miles ahead...*

In some cases, clients are very competent evaluators, as they may have experience and knowledge in the field in which they ask advice. The fact that many consultants consider other clients as sources of knowledge for assignments shows how equal they consider them to be.

This notion of clients as competent evaluators conflicts with some of the available literature that presents the consultant-client relationships as uneven, with consultants taking advantage of trusting and credulous managers (Kieser, 2002a; O'Shea & Madigan, 1997; Pinault, 2000) who are regarded as passive receptors. Some recent research has acknowledged managers as players of a more active role (see Sturdy, 2002, p.147). This research argues that many times clients are capable of judging the value of the knowledge delivered by the consultant, and they have mechanisms to filter them such as re-engagement and reputation, which they use actively.

This situation of having a client as a competent evaluator is totally different from that occurring in other professional practices and it may add a valuable insight to our understanding of consultants.

**b. Peer-reviewing**

One of the principal characteristics of a scientific community is the peer-review control mechanism for the knowledge they produce. Academics publish the results of their research findings in journals that are reviewed by an editorial board. These boards are composed of other scientists or academics, peers that have some recognition within their communities and (most of the time voluntarily) form part of the mechanisms that sustain them. In the next section two examples of a similar practice found in the data collected for this study are discussed.

At first glance, peer reviewing does not appear to fit in the business model of consulting. It was not a practice that was expected to be found in this study. However, there were two examples mentioned by the consultants that can be considered to work along the lines of a peer reviewing mechanism.

In the first case, a consultant who works in a medium-sized firm described an assignment where a third-party consultant was hired by the client to overview his work and that of his colleagues. This third-party consultant was Michael Jensen, a leading consultant and academic in the field of governance. The interviewee explained that the client's assignment involved a New Zealand public figure and that *because there was so much pressure on us, we had to produce something that was good quality, and that's how Mike Jensen got involved. He was engaged to peer review the work that we did.* The consultant described,

What Mike Jensen did was, mentor us...based on his experience, not only as an academic, but also as a practicing consultant himself, as an advisor to a number of financial institutions ...As we were working he was peer-reviewing things. So like every second day, we would have a conference call. We might have written material, which was going into the report, we would send it to him, and he'll come back and critique it and suggest to look at things from different ways...It could be very challenging...As it turned out, it was extremely rewarding from our perspective.

It is interesting to note that in this case, peer reviewing took place during the process of producing the work, not after its completion. This example is not

representative of how this consultant usually worked; it was a stand-alone case.

The second peer-reviewed consulting case occurs within the structure of a large firm, not as a stand-alone procedure, but as part of the firm's formal process of evaluation. The consultant interviewed was aware that although their internal evaluation schemes worked well, they were *all internal*. He acknowledged that internal evaluations ran the risk of lacking objectivity. To counterbalance this situation, the firm has what is called a *customer check program*. The firm hires an external consultant who runs an evaluation process with past clients; *they have a methodology that they go through to identify did we or did we not deliver value? Is the client satisfied or not satisfied with our services? Would they recommend us to other people? Would they use us again?...*

Though it could be argued that this last example is for marketing purposes and works like a common customer satisfaction survey, it is something working along the lines of a consultant's checking on another consultant's work. Though the codes are different (they are paid to do it), it is some kind of external control, completed by a peer.

## **7.2 Body of knowledge**

Part of the paradigm-oriented analysis of consulting in corporate governance is related to the sharing of a basic body of knowledge. Normal puzzle-solving research done within a research community "is predicated on the assumption" (Kuhn, 1996) that people doing the research know what the world is like. To explore how this group of consultants "do their research", adds up to our understanding of their behavior as a knowledge creating community. Further, if these consultants derive their information from common sources in order to build their expertise on governance, they are more likely to share the same paradigm, for they will share common elements that add to their "taken for granted" world. In this section issues such as how consultants build and share

their knowledge, what are their ‘knowledgeable practices’, how their knowledge is stored, what are their main sources of knowledge and how factors like time and exchange value influence their notion of knowledge are explored.

### 7.2.1 Knowledgeable practices

#### a) Gaining experience

The single most important source of knowledge mentioned repeatedly by interviewees is experience. The notion of learning “as you do things” is very evident in their accounts on how they develop their expertise. One consultant said, *you just build up your own intellectual property as you move from client to client*. Having a wide range of different client engagements is considered a crucial training ground.

Dealing with clients who have had similar problems to those of previous clients not only adds to the consultant’s experience, but also increases their reputation and credibility. An interviewee described how his previous experience was valued by the client, *we recently dealt with this situation...this [was the] scenario and this is the way that unfolded...that’s pulling the experience and that also adds to the credibility because they can understand that we’ve actually been there and done that, and also that makes them feel at ease a bit more because they know they are not dealing with this on their own...* The consultant describes here other issues that his experience comes to fulfill, like communicating to the client that others have had similar problems. The consultant is acting as an agent that reduces the uncertainty of the client, an issue frequently mentioned in the consulting literature (Ernst & Kieser, 2002; Lundberg, 2002).

However, while all interviewees agreed on the importance of experience for credibility, when advising on corporate governance, the nature of that experience varied considerably. Two distinct types of familiarities were mentioned as necessary: consulting experience on the one hand and corporate or business experience on the other. Still -within business experience- some consultants said that CEO or managerial experience was necessary in order to



advice on governance, while others referred to experience as a director as the most necessary skill.

The following quotations present these dichotomies. For example, one of the interviewees who was a CEO before becoming a consultant commented on the insights he had gleaned: *I think you have got to have understood how the world looks from a chief executive's perspective. Know when you are at the sharp end of the relationship between the organization, the operational center, and the board. I think it would be very difficult for someone to be an effective consultant if he/she does not understand the inherent tensions in that relationship...it's quite a different set of stresses for you if you are the chief executive that is reporting to a board...*

On the other hand, another interviewee, who had a vast experience as a board director, said the opposite: I do not think a CEO would fully appreciate what is like [to work from a boardroom]. A CEO is in the business every day, a board member gets to go once a month, and it's very hard when you do not know what's been going on every day of the month. You just come at it from a different perspective...Further, she believed that you can not be an expert if you have not had that type of experience, I get somewhat annoyed by people who think they are corporate governance experts and they've never sat in a boardroom... For this consultant, an expert in corporate governance is someone who has a lot of battle scars...

Surprisingly, another consultant did not think that business experience had the same value, at least not in the consulting in governance field. He believed that just being in a position does not necessarily mean that learning is taking place. He concluded that it depended on the *caliber of the person*. Similarly, a consultant who used to work in a large firm said that he considered experience to be part of a consultant's savvy, but that on its own it was not enough: *I do not think is enough, because all they can talk about, if that is all they have, is their experience. They cannot talk about how that experience compares and contrasts to other practices or to research, or to growing trends internationally...*

It can be concluded that experience demands in the field of governance consulting is not homogeneous at all; though it is clearly a crucial element consultants' expertise development. Still, in governance-related issues, there seems to be a range of experiences that provide insight about what seems to be particularly important for giving advice.

Experience entails having lived through similar situations in the past; more importantly, development of expertise is expected. In a way, academics and other professionals also use experience as a source of knowledge in their jobs. Doctors get better the more they perform their practice, or writers may improve at their writing after having written several books. However, there are differences between other professions and consultants. Experience, either in a corporate organization, in a governance position or in governance consulting, *is* the actual learning ground for a consultant to initiate in the profession. There is no formal education or no other universal credentials that make up for the title of consultant. However, for giving consultant advice in governance, business or corporate experience appeared as a valid mechanism through which to acquire knowledge.

In a way, consultants' education is at the moment ruled by this "learn by doing". Consultants base most of their training on previous experience, which provides them with familiarity and deeper understanding of issues. These research findings agree with Werr's (2002) understanding that experience is the single most important source of information for consultants. Experience is not the only source of legitimation for consultants' knowledge, but perhaps it is more important for consulting than for other professions. Development of experience is the most important *knowledgeable practice* of consultants.

**b) Fitting practice into their body of knowledge**

Another knowledgeable practice is consultants' adjustment of new learning into their existing body of knowledge. Experience can be defined as the "accumulated practice" in the existing frame of knowledge consultants already possess. It came through the interviews that consultants faced client engagements already knowing certain things, and that they drew from the new experience those elements that they consider to be new. It would an interesting

future research topic to see what extent consultants learn things in new engagements that verify rather than challenge their existing knowledge framework.

In order to do this “fitting” into their existing body of knowledge, consultants tend to use rules, some of which are explicit, some of which are not. The next section deals more specifically with this issue. Two sources of knowledge that stem from consultants’ practice are: knowledge gained through contact with clients, and knowledge gained through their working together with other consultants.

Knowledge achieved through contact with clients was an acknowledged source for all of the consultants interviewed. *It’s the same whether you are consulting in governance or anywhere else, you learn at your clients’ expense*, said a consultant who, as all others, billed on time. She then developed further her point, *I mean they are paying for the product but they also end up paying for your learning...* Some interviewees described how their clients were good sources of information, *we have clients who we bounce ideas off...* *You’ve got to have some friendly informants in the client side*. The wider the range of contacts with different clients, the deeper the pool of information to which consultants have access.

One of the partners of a large consulting firm emphasized the process of learning developed through working together with other consultants. He said that he was capable of measuring what another person knew when he became involved with that person in a particular engagement. Another consultant, who had always been self-employed, expressed that she learned her way into the profession not by any specific training, but by working alongside other consultants in various projects.

A clear distinction arose between those consultants who had entered the profession by being hired by a large firm, and those who had not. Training and tutorship were a very important part of these companies’ hierarchies. One of them explains, *I had mentors in the firm...I did everything I could to suck their knowledge out of their brains*. When asked how he managed to do that he answered, *just work[ing] with them on projects...Master classes and have them*

*in their audience to critique...and logically ask them questions so they just tell you what to do and not to do...*

Concluding, one of the richest knowledgeable practices is information exchange with clients and with peers. Both of these provide consultants with a chance to build and co-produce their current bodies of knowledge.

**c) Knowledge accumulation**

Academics are used to sharing their knowledge among themselves. They build on top of each other's findings and progress is achieved through this accumulation. In consulting, although sharing knowledge may harm their commercial practice, two examples were mentioned that illustrate a similar situation to academics' accumulation of knowledge. In some cases, when an organization hires a consultant, he or she has access to the work done by other consultants who have been there before. One consultant said: *there's all sorts of methodologies, as consultants have been there [at the client organization] before, left their previous engagements... it is all there*. Another consultant had also come across the work of previous consultants who had advised a client organization and described, *When I am working for a client and I come across the work that the last consultant has left, that gives me an insight into the quality of their thinking and what they are offering their clients... I am either impressed or very un-impressed by what they left behind and that's how I form my views about what they are offering...*

Though in both cases no further contact was established with authors of previous work, the fact that someone could see what was done before may imply that there is an opportunity for them to build upon that work. It can be said that some type of knowledge accumulation occurs in these cases. These mechanisms, together with the intense networking consultants do, are a way consultants have of checking and testing their knowledge against that of others, both clients and peers.

Further research would be needed to test whether the newly hired consultant would try to do something different from what the previous consultant did, for

it could be argued that there is a reason why the client has hired an alternative consultant this time.

### 7.2.2 Storage of knowledge

In this section knowledge will be conceptualized as information, as “explicit” knowledge, as something that can be stored and kept. Large consulting firms are known for having large databases *scattered around the world* where they stock up research and information gathered from previous client engagements. This accumulation of research is perceived as a valuable asset within the industry. At a first level of analysis, databases in large firms can be considered as small “bodies of knowledge”<sup>17</sup> shared among the worldwide-scattered members of the firm. One informant, a former employee at one of those firms said, *I still have access to some of that research... I can still remember a few passwords.*

A manager from the consulting firm that nucleates 30 subcontracted consultants mentioned that in order to build their knowledge database, they use any free time their consultants have. *People who are not utilized, not involved in any particular engagement, are paid an internal rate of fifty dollars an hour to do internal research.* In this medium-sized firm, doing research forms part of the consultant’s formal job description.

However, research findings show that this is not the case in the large consulting firms. Doing research, even when the firm has the economic resources to do it, is considered as an *ad hoc* activity for consultants, a task performed *besides their real jobs*. An interviewee said, *We have to be careful that we do not spend too much time doing that [research], because at the end of the day, we are here to make a dollar, we are not here to... do research, we are not a researcher organization. Any of the research is done sort of as an after hours job...I still have my full job to do, and it is not to write a book...* He stated very clearly that what drives all research motivations within the firm is the dollar they may make out of it. For example, another consultant, when talking of building his knowledge, stated, *we are investing, building things and*

---

<sup>17</sup> For example, for a description of how McKinsey’s internal knowledge database works, refer to Peters (1992, pp.385-390).

*that investment must return to us. If there were no financial justification for the development of a body of knowledge, then they would not invest in it. These findings agree with those of Deetz,(1998, p.161) who states that “Consulting, as the discursive self-conception, produces consent to worth’s being determined by money”.*

What takes place inside large firms is a clear structure of “division of labor”. Specialists who are hired by the firm globally do research; any research done by consultants whose job is to attend clients is classified as “extra”. Another interviewee illustrates this point: *In New Zealand we have a knowledge manager here that is required to send the information [to the global database]. Of course it’s a big challenge... you are so busy doing your real job...that you forget.* Specialists in knowledge management are separated within the firm, though this senior consultant transmitted a feeling that it is expected of him and his colleagues to contribute to the firm’s building of a body of knowledge.

One of the consultants, who was in charge of the management of a large consulting firm, talked about a different body of knowledge. Not the firm’s but one that each consultant possessed, using this metaphor: *I’ve got a library of books at home, if I think that you’ve got a library that’s like mine, then I am quite interested to see what’s in your library and we show each other...you know... The first couple of exchanges are a bit tenuous, and then you go. So then we build together.* This consultant also described the importance of adding to the firm’s existing *critical mass* (their database) new things learned in current client assignments. This type of concern relates to the notion of accumulation of a body of knowledge that adds up to the intellectual asset of the firm.

A second, larger body of knowledge mentioned as being collectively shared by almost all consultants is the compilation of international laws and regulation documents. These regulations on governance and good practice codes were considered an important source of information and are shared with an international, larger community interested in corporate governance. This second common body of knowledge is open to public access by any consultant.

In addition, reflecting on the dynamics of the consulting industry, it can be argued that the high turnover in the personnel of large firms acts as a dissemination process of their knowledge, through consultants who leave and set up smaller consultancies on their own. Additional research is needed to see how knowledge passes from larger firms to smaller firms. The next section deals with some of the rules that consultants use to refer to what they define as knowledge.

### **7.3 “Useful” and “valuable” knowledge**

According to Kuhn, knowledge is what members of a community creating it define. From the interviews analyzed, there was evidence that consultants talked about two dimensions of knowledge: what was valuable knowledge for them and what was not valuable (i.e. had no monetary value at all), and what was useful and non-useful knowledge. From these accounts, certain rules when speaking about knowledge were identified as common patterns within the paradigm.

When analyzing the data, two different types of knowledge value were identified: pragmatic value, on the one hand, and exchange value or commercial value on the other. Pragmatic value knowledge is that knowledge that is still considered useful by consultants, but that for some reason has lost its monetary or commercial value. The value of pragmatic knowledge stems from its utility. This type of knowledge, “useful” but non-saleable, will be defined as having the characteristics of being public domain knowledge. Information that is made available for the public to see because it has lost its exchange or monetary value, but is still useful. Examples of this were surveys or studies made by large consultancies that, because they have been published in such a variety of media outlets, have almost come into the public domain. The McKinsey & Co. Survey of Corporate Directors<sup>18</sup> was alluded to as a good case. For example, a consultant from a boutique firm said, *a lot of the*

---

<sup>18</sup> Called *Inside the Boardroom*, it was published in October 2002. It was a survey done to 200 directors sitting on 500 boards.

*McKinsey stuff has actually been published in various journals and things like that, so... I use sort of trip over it one way or the other... Many of the interviewees referred to this particular study.*

Public accessibility to this study has made it lose its exchange value, as most people can have free access to it. However, this does not mean that McKinsey does not derive a benefit from this public circulation (i.e. in terms of publicity or marketing).

In an academic community, frequent citations of published research are a strong indicator that a contribution has been made to the shared body of knowledge of the community. By analogy, if one could apply this criterion to McKinsey's frequently mentioned survey of corporate directors among the governance community, then it could be argued that valid knowledge -under the standards of the community- has been created.

In addition, another consultant -who belongs to a medium size firm- reflected on research done at the large consulting firms, *a lot of them do publish stuff which is useful...we've got capability of doing the same work ourselves, but there's no point...we'll come up with the same answer.* He is making an explicit reference to an existing body of knowledge, which consultants build upon. He finds there is no point in duplicating information. He is behaving as a member of a larger community that shares knowledge.

Knowledge was also characterized in terms of its *exchange* or *commercial value*, or how quickly it can be turned into money. For example, one of the consultants interviewed who had been twelve years on the job said that his partner was going to retire and that he was concerned that all his experience and knowledge gained through the years would be lost. He mentioned the hope of publishing books about what they know: *there's a question of all the experience that we've accumulated...probably in a couple of years' time, I'll just try to reduce my consulting time. I should do a lot more writing, more structured writing...brace a body of knowledge and sort of put it in one packet...otherwise ...the potential sort of, just sort of dies with us, if you like... which would be a shame in some respects...*



It is interesting to note that this wish for materializing knowledge into a book is projected to happen at a moment in his career when he will be retired. If we consider the dichotomy commercial value versus pragmatic value, it makes sense to think that once the consultant has retired, he does not need to take the “commercial value” out of his knowledge and experience. Therefore, the logic is that he can make it available as a “pragmatic value” through a book; also collecting some rewards in the process, such as recognition, fame, or even money (but in this case, not as a primary motivation). The worry that his body of knowledge would be lost and that that *would be a shame* indicated an altruistic motivation, as well. He is recognizing that there is “useful” knowledge that could be shared with the community (colleagues, other consultants) and the governance world, and would be otherwise wasted.

Competition is clearly a potential barrier for sharing knowledge in the community of consultants, which is not the case for academics, because if academics share their knowledge (i.e.: publish an article) they do not make less money for sharing. On the contrary, knowledge is collectively owned in the academic community, and in the long run this sharing benefits academics. Knowledge is considered a “public good” which is enriched by the sharing and the accumulation of research done by others. Further, academics are benefited by this sharing through the building of their reputation as contributors to their community, and through promotion and remuneration in their teaching jobs (which are increasingly being rewarded in terms of publishing outcomes). Admittedly, some competition does exist for places in journals, but the crucial issue is that the voluntary sharing of knowledge is a vital part of academic life.

In contrast, a consultant’s knowledge is proprietary. It is privately owned by the consultant. If consultants share their knowledge then they might make less money, because someone might steal their ideas. They need to look after what has been termed “intellectual property” in order to continue owning knowledge that still has exchange value to survive.

*Commercial value* and *pragmatic value* are two constructs that are affected greatly by two variables: time and accessibility, issues that will be explored further in the next section.

### 7.3.1 Time, novelty and accessibility

Every consultant interviewed billed on time. In a consultant's mind, time is measured in monetary terms. As Yakura (2001) calls them, "billables are hourly units that measure consulting services". In the consulting paradigm, the "transformation of time into a commodity is vividly displayed" (Yakura, 2001, p.1076). This concept of time has an impact on how consultants deal with knowledge and influences what has value for them and what does not, and what can still be considered useful knowledge or not. The present tense is very important for the interviewees: *Latest trends, updates, instant, actual, recent, and just in time*, were expressions constantly used. A consultant said, *we are only as good as today's news, and not as good as yesterday's news...*

I include here some references to what is meant by "old" (two, three and more years) what is meant by "new". For example, a senior partner in a large consulting firm described how he was looking for information in an internal database, *I was looking at one [database] the other day; hadn't been updated since 2001. I did not even look at it, I just turned away from it; it's obviously gone. It's been forgotten by somebody and its substance is no longer of any real value, it's too old...* This consultant described the importance of updating useful knowledge, *if we do not keep the databases up-to-date with new information, new ideas, then they do not grow, they do not flourish, they are only as good as the most recent information...*

The previous quotation expresses very clearly that what the consultant considered "old", is no longer useful for his work, "old" is "useless". Time and novelty have a tremendous impact on the value of knowledge for this consultant. "Recent" information is the kind that is useful, therefore the one that matters. But its usefulness comes from the possibility of its being commercially exchanged; novelty gets paid for.

The concept of accumulation of knowledge, of building over past knowledge does not seem appropriate within this perception of time. However, interestingly enough, this same consultant had published a booklet on good

governance issues (*Questions that Matter*, 2003)<sup>19</sup>, where he used information from different research studies done by the firm in the past. He expressed the need for publishing this booklet:

We really believed that there was a tremendous amount of great knowledge out there from the [Consulting Firm's Name] world that frequently gets published, but once it's published it's gone and forgotten; it's lost. So, we have a publication out there called Risks that Matter, and that's referred to it in the book. Well the Risks that Matter study was a wonderful study, but where is it today? There is another one called Measures that Matter, and that's all about non-financial performance measures, that was actually published in 1996, where is it today? Who knows about it? Is anyone using it? And we said well hang on this is...a goldmine of material, which has huge relevance but is actually not available for anyone to reference into. So we decided to use this format to actually tap into that knowledge and try to turn it into a tool that directors could use...

The consultant who made the above observation -who is not paid for his extra work of doing research- was worried about useful data, which has *huge relevance*, not being used. It was not being used because it was “old” information. Though according to his time standards, this information was “old”, he is still calling it a *goldmine of material*, for it has basic useful guidelines about governance. The consultant was worried that “old” but “useful” information was not being used anymore.

Integrating the concept of time into the *public domain value* and the *commercial value* constructs, it can be concluded that novelty is a rule for determining the value of knowledge at a particular time. The more “new” knowledge is perceived to be, the easier it is to sell for money. The older the knowledge, even though it still has good useful information, the less possibility there is of exchanging it for money, because its commercial value decreases. The example of the booklet *Questions that Matter* (2003) shows that information that cannot be sold, quite smoothly adapts to *public domain knowledge* that consultancies give away.

---

<sup>19</sup> This clearly identifies the person who provided this quotation. On this occasion the consultant agreed to his identity's being disclosed.

For the academic community, time has a totally different dimension, although novelty is still a value and provides knowledge with publishing capabilities; there is no such hurrying pace for their research. Research is seen as an activity that advances towards the accumulation of a deeper and more substantial body of knowledge. Novelty has a different impact on their knowledge creation process.

The last variable affecting consultants' knowledge is accessibility. *Useful* information was not being retrieved from the large consulting firm's databases because of the time/novelty criteria consultants operate with. However, providing new accessibility to this still *useful* information was a need for this consultant, it had to be done. Similarly, in the first example, the consultant who wanted to write books once he retired expressed the desire to make his knowledge accessible to others.

Integrating these variables into the dichotomy of *public domain value* and *commercial exchange value*, knowledge seems to have different characteristics that enable it to belong to one or the other of those categories.

It needs to be stated that not all "old" knowledge is useful; therefore not all "old" knowledge is "public domain" type of knowledge. Likewise, not all public domain knowledge is old. In the same way, not all commercially valuable knowledge is new and not all new knowledge automatically has exchange value.

Furthermore, a problem that large firms face is illustrated by the mentioned example from the *Questions that Matter* (2003) booklet. Diffusion and application of knowledge created within the large consulting firm was presented as problematic. Part of the problem was tackled by "repackaging" (if it may be described that way) previous research done within the firm. This publication is another example of a citation of past research studies for their continuing diffusion and application. Once more, it provides an example where consultants cite each other's work. There is so much research and knowledge being conducted within large firms that consultants are starting to struggle with its excess. Some research has been carried out by academics who have studied the increasing competition for attention within knowledge-intensive

firms (Hansen & Haas, 2001), and the motivation to publish within large consultancies (Ruta, 2004).

Having analyzed the main components of what a paradigm entails, the next and last section of this chapter deals with the relationship of this paradigm of consulting with another paradigm: the academic.

#### **7.4 Relationship with other paradigms: Academic knowledge**

One characteristic of many of the consultants interviewed is their solid academic backgrounds. Five of the thirteen interviewees had masters' degrees, two of which had completed or were completing their doctorate at the time of the study and another one was a DBA<sup>20</sup> student. It could be argued that if they studied while working as consultants, some of them were in touch with more than one paradigm at the same time. In this case, not only the consulting in governance paradigm, but they may bring into their consulting work some elements from their scholarly experience too.

Many of the consultants in the sample presented a close relationship with academia, though it was not an explicit criterion for selecting them. At least two of them referred to their work as *bridging the worlds of academia and practice*; in spite of which, they did not seem to consider themselves as translators, or brokers of information, as earlier literature on consulting conceptualized consultants (Dean, 1938; Lundberg & Raia, 1976).

The only exception to the rule was a consultant who mentioned that she was writing a book. When asked what her sources of information to write were, she answered: *by others who have written books on similar subjects and simplify it, because this particular audience wants a more simple presentation than some of these other books do with high jargon. So it's a question of tailoring it to the audience.* She acknowledged her role as a translator, *you take something up*

---

<sup>20</sup> Doctor in Business and Administration.

*from the New York Stock Exchange, and it just has a different sort of vocabulary than what is suitable for a Maori living in Gisborne...*

A different consultant, who was finishing her PhD, sensed that sometimes her theoretical background worked as a disadvantage for her consultant image: *One of the criticisms that I get most frequently in the presentations evaluations at the IOD is that I am too academic, because I am constantly referring to academic work. It is a criticism because the people attending the courses are non-academic, most of them are in management or in directing and most of them want to be told how to do it. And I don't tend to do that; I tend to say "research shows"...*

There was another interviewee who explained how he actually worked on theoretical ideas and tried to apply them with his clients. He describes what they tried to do: *we took what seemed to be conventional practice in other parts of the world and try them here. So I think we were quite good at adapting intellectual ideas and putting them into practice...* He explained that he buys textbooks and that he sometimes contacts the authors, and discusses with them practical issues about clients' assignments. On one of these occasions he exchanged information which he held with an academic professor from the US, *what goes round comes round*, defined his sharing philosophy. The consultant described as a collaborative experience, *I've been working on the merger of two Maori corporations and there were some issues about how to explain to the shareholders what's going on, because it's a share-to-share deal, so I went to a guy called Bob Bruno, he is at Dartmouth Virginia, and said, this is my problem. He said I'll send you a chapter of the book that I am just writing...you should be able to sort it out from there...so as a result of that, I've shared back with him what's going on as a case study.* The professor sent him a chapter of the book he was writing, which helped him solve a client problem. In return, he shared his client's situation, which was published as a case study. This is another example where consultants share their knowledge, even across paradigms.

The relationship of consulting with academia is not the same for all the interviewees and it varies through a wide spectrum, from those who hold a

PhD and/or try to find through academic research the answers for what is best for the governance of companies, to those who do not have any contact at all with theory and the academic paradigm. From these accounts, it is clear that an ongoing relationship exists between the academic and consulting paradigms, although that might be the case in other areas of management consulting. However, it was found that there is an intersection with academia in a small number of the practicing consultants who have an academic background and use academic material when delivering professional advice.

## **7.5 Conclusion**

As seen in Chapter 4, normal puzzle solving done within a research community “is predicated on the assumption” that people within that community know what the world is like. Through exploring the shared understanding of the world that consultants hold in respect to their field of expertise, it can be argued that they do share a paradigm, something broader than their personal opinions on governance. Similarly, the normal problems they had to solve for their clients are basically of the same nature; their methods to solve them fit harmoniously into the paradigm of their understanding. Although there was no consensus on a single best practice, they were familiar with the concept of having templates, which they use throughout time and they shared methods on how to solve typical problems.

Within the framework of the present research, consultants’ shared body of knowledge is one of the key issues that determine the existence of a paradigm. As tough as it is to define knowledge, having chosen the academic notion of how knowledge is created helps shed some light on the complexity of the process. A distinctive characteristic of consultants’ knowledge is that it is benchmarked all the time against their clients’ knowledge. If a client seems to know more than the consultant they hire, it will be difficult for the engagement to prosper. Consultants need to know more than their client. Consultants’ knowledge meets quality control procedures. Their clients are competent evaluators who judge and decide when value has been delivered to them. As

evaluators clients have the mechanisms of affecting consultants' reputation and the re-engagement decision available.

It can also be concluded that lacking formal qualifications, experience serves as a learning ground and has a greater importance for consultants than for other professions. For other professionals, experience and known common rules of thumb can also be considered crucial for their knowledge development. For consultants, experience is by far their main source of knowledge. It is also a necessary resource for developing a reputation in the consulting paradigm.

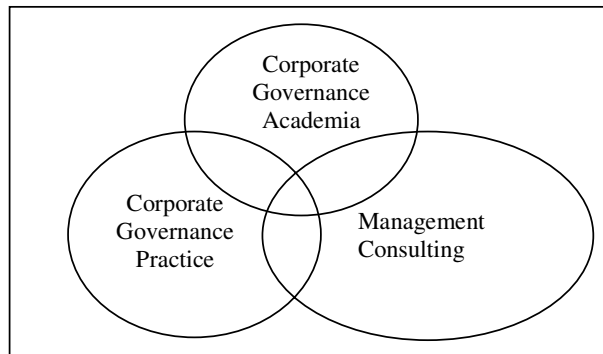
The common body of knowledge comes from within two main clusters: from databases within consulting firms, large or small; and from available public information such as reports, good governance principles, international laws, and public media on governance. In regard to knowledge sharing and accumulation, although there are no formally structured practices within the community, there are various occasions when knowledge is distributed. The most significant sharing of information occurs with consultants' clients or when consultants work as teams. In addition, it takes place when a consultant sees information from a previous consultant for a client. Formal storage of their knowledge is done mainly in databases and through the publication of books. Journal publication is not as developed as in the academic community.

Finally, consultants' processes of knowledge creation are shaped by the notions of time, accessibility, and its ability to be sold or commodification. For consultants, the dimension of time is equivalent to money; if research does not entail a monetary return, it is not worth it.

Consultants in governance are probably amidst two or three other larger paradigms, 1) the paradigm of corporate governance as a practice field, which includes government and regulatory information, business media on governance and the business practice related to governance in general, 2) the paradigm of management consulting, and 3) the paradigm of corporate governance academia, which includes academics researching on governance issues. The intersection unifying these three is a rather small cluster; composed by those consultants who give advice on governance and still hold a close relation to academia. In a graphical way it would look similar to Figure 7.3.



*Figure 7.3 - The overlapping of paradigms*



The paradigm of consultants in corporate governance is seen to be at the intersection among these other three. Those consultants who share the management consulting paradigm and the corporate governance paradigm are located in the shaded area, with those consultants who hold a close relationship with academia located at the intersection of the three.

## **CHAPTER 8: Conclusion**

This research was intended to provide a deeper understanding of the practice of consulting. It was specifically focused on one aspect of management consultants, to understand their knowledge creation practices. If it is believed that knowledge can be created outside academic boundaries, and that knowledge is defined by the professional group that creates it, then there is no doubt that management consultants are engaged in a knowledge-related service.

By comparing the knowledge creation processes that take place in the consulting practice to that of academia, and understanding the very different set of stresses and dynamics that take place, some insights into the consulting practice were revealed. The main difference between the two communities is the commercial transaction involved in the knowledge exchange of consultants with clients. This situation has a major impact on consultants' behavior and potentially conditions their community knowledge creating practices as well.

Perhaps one of the reasons why management consulting is still a little understood practice is because of its complexity as a subject of study. In this chapter the main conclusions of this study on consultants in corporate governance are presented, followed by an assessment of the method used, and a call for further related research.

### **8.1 Research findings**

One of the most important research findings is that although consultants have no formal regulating professional body, they behave as a professional community that transcends the organizational boundaries of individual

consulting firms: they share a common understanding of reality, methods, and rules for regulating their knowledge. Upon analyzing consultants' knowledge creation processes, it is clear that their professional practices constitute a certain type of paradigm. The main findings of this research are presented below under the two main constructs studied, the community and the paradigm.

*Related to the Community:*

To belong to a certain community is not always an explicit decision. Among the studied group of consultants in governance there is an unspoken sense of community; there are those who are considered *in* and those who are considered *out* of that community. The judges of who belongs -or does not belong- to the community are consultants themselves, as professional peers.

Similarly, factors that govern the belonging to the consulting community and entry requirements also work in an informal manner, as no official body regulates them. Community belonging -for some of the consultants interviewed- seemed to take two forms: for some, it transcended their area of expertise (governance) and reached other management consultants; and for others, it went beyond consulting practice as such and reached outwards into an international audience that shares their interest in governance practices.

The term *consultant* had an ambivalent reception among the interviewees. While some consultants were reluctant to use the term to define themselves, others felt identified with it. Members of the community are aware of social implications surrounding the term *consultant* and the social discrediting notions that accompany it. There is a strong consciousness of the low barriers of entry of the profession. Interviewees tried to set themselves apart from "those other" consultants, who still call themselves *consultants* but really did not belong to the community, for they did not have the necessary qualifications and credentials. The way they balance this situation is mostly through the management of their personal reputations.

*Community* is a concept that can be applied to the mixed professional identities that consultants presented, and can be explained through the analysis of behaviors (i.e.; institute belonging, face-to-face interaction, networking, reading, and publishing). In some cases, consultants showed a strong overlapping of their present practice with their former professions, or in some cases, with their past educational background.

A second type of community was found to exist within the large consulting firms. Their sense of community is created through the development of a strong organizational identity, “you are one of them”. This feeling of community transcends the organization boundaries geographically (i.e.; consultants felt part of a larger family scattered worldwide) and extends beyond the formal employment relation, as former employees continue to feel this sense of belonging once they have left the firm. Consultants both discover and build their professional identities in a complex intersection of different communities.

Formal institutions like the Institute of Management Consultants of New Zealand (IMCNZ) played a marginal part in regard to bringing the community together. In governance-related issues, the Institute of Directors (IOD) was found to play a much more relevant role as an institution that provides networking opportunities for consultants.

One clear determinant of entry into the consulting community is experience. Experience and formal credentials are two criteria that limit admission to the consulting practice. However, this entry criterion also refers to a quality control practice, which is closely related to reputation. Experience and reputation work as a strengthening mechanism for the community. Another established entry mechanism is through the training and mentorship that occur within the large consulting firms. Personnel trained in large firms are not questioned about their status as *real* consultants. The way that entry requirements work reinforces the function of a knowledge-creating community. Individuals with no knowledge or experience -or with weak knowledge- are regarded as outsiders for they are considered detrimental to the

reputation of the general profession; they are referred to as *not real consultants*.

Reputation is also important in the internal front, within the consultants' community. Information about consultants' engagements and performance travels across firms, projects and reaches others consultants. Peers in the consulting practice have a very important function, as they also pass along the word-of-mouth of success and failures in client engagements. Peers also have the function of being a standard against which consultants can test their knowledge. A type of peer-reviewing process occurs when a consultant is hired to evaluate another consultant's work. Internal reputation is also affected by the competition dynamics that exist in the consulting practice.

The learning ground for consulting consists of experience and practice on the job, more so than in other professions because of its lack of formal education programs. In the governance community, heterogeneous experiences are accepted as valid credentials, either in business management or in governance-related positions. Mentorship and apprenticeship are practices usually developed within the structure of larger consulting firms, which as expressed above, develop experience in a very structured manner. Large consulting firms' recruitment and training strategies function as a major drive for the profession.

Exit procedures are managed mostly by the lack of subsequent engagements and ultimately lack of clients. Bad reputation or negative referrals seem to work rather effectively, especially in communities as small as in New Zealand, where everybody seems to know everybody else in business and word of mouth works in a rather efficient manner.

Most of the large consulting firms have been successful in creating a brand that is related to quality and delivery of knowledge. Incumbents within the consulting industry have created a status of *professional* consulting. High turnover rates within these firms (owing mostly to unbalanced personal/professional life) cause dissemination of that knowledge into new and much smaller firms founded by those consultants who leave and start out on their own. Consultants who work in large consulting firms admit that their

organizations have all grown into being very much the same, providing a common understanding of problems, arriving at similar solutions and outcomes.

The community of consulting is heterogeneous. It encompasses large consulting firms, medium and small firms, and the independent consultants. However, similarities are found regarding common practices such as communication and presentation strategies, and reading habits. The consulting industry is dynamic: mergers and acquisitions and independent developments are common. Consultants move between firms, leaving the large consulting giants and setting up on their own or in small partnerships, constantly reshaping the consulting landscape. However, this flow occurs in structure and employers. It does not mean that consultants go in and out of the practice.

*Related to Paradigm:*

There were several common elements amongst the consultants that indicated that they shared a similar understanding of reality. Some of these basic assumptions were the importance of good governance practices for organizations, and the international nature of governance issues.

Consultants had similar puzzles to solve as normal everyday concerns. Though there were some slight variations in the procedures used to solve normal puzzles, they basically had the same methodology and resources. Two large areas of puzzle solving are related to international regulations on governance and their impact on national companies, and the tension existing between compliance and performance for an organization.

Within the methods available to solve the puzzles, each consultant had what he/she considered his/her “best method” or “exemplar”. Though exemplars were not shared freely around the community, information on what constitutes “good governance practices” was fairly public, contained in the various international regulations and procedures, which are freely available.

The paradigm of consulting in governance has implicit quality control procedures that regulate it. These are mainly reputation and client reengagement, which are closely interrelated. Reputation works as a proxy for quality control because it is built upon subsequent stages, in which the client plays an important role in evaluating whether or not value is delivered by the consultant. These research findings support the notion that the client plays an active role and is far from being passive and gullible about the work performed by consultants. Recent research has also acknowledged a more active role by the client (Faust, 2002; Sturdy, 2002)

Reputation as an effective quality control mechanism is especially present in small communities where the size and scope are limited geographically (i.e.; New Zealand) or by a specific field (corporate governance).

Clients are the ultimate evaluators of a consultant's contribution. This evaluation prompts a process of reputation-development, which serves as a quality mechanism within the paradigm. Clients are important judges who decide what is value and when value has been delivered by the consultant. They are the evaluators of it, not only because they pay the consultant's account, but also because of their knowledge of the matter. Clients can often be competent evaluators, for they are usually knowledgeable and experienced in the area on which the consultant is advising. This causes power relationships between consultants and their clients to be more equal than in other professions, owing to the background knowledge each of them has. Further, many clients are considered valuable informants by consultants who are working on other engagements. These findings contrast with previous arguments in the literature that clients are credulous and trusting, or that consultants take advantage of their power relationships over them (for eg: Kieser(2002a)).

The relationship between client and consultant is significantly different from other professional practices, in which professionals are evaluated by peers or by non-knowledgeable "clients" (i.e.; students and teachers, patients and doctors, defendants and lawyers). Though it is true that the client becomes involved in the outcome of the consulting engagement, making it more

difficult to separate the contribution made by both parts, it does not affect the fact that the client is a major contributor who plays a “knowledgeable” role.

Consultants share a common body of knowledge that is usually widely spread in various sources. This is not the case with academics who, in most cases, have their journals and their knowledge structured and articulated in a fairly homogeneous way: consultants very rarely have a single main source of knowledge. They most often acquire their knowledge through various practices. These “knowledgeable practices” are: reading, database searching, access to available public documents on regulations, face-to face communication with other consultants, client engagements, and networking, among others.

In spite of having diverse and solid educational backgrounds, most consultants in governance did not appear to have an ongoing relationship with academia. Although many interviewees had studied at postgraduate level, which may allow them to have things in common with academics, their everyday practice had almost no relation with academic research at all. The assumption that consultants are brokers or translators of academic knowledge, at least in the consulting in governance field, is untrue.

Consultants, through their practice, are constantly adding to their particular body of knowledge, and fitting it into their existing body of knowledge. This construction takes place along two levels: a) at the level of the particular firm, in the case of large firms and their databases management, and b) at a personal level in the case of single consultants or smaller consulting firms. Every consultant, in spite of working at a large, small firm or independently, uses the available resources to construct his/her particular and personal body of knowledge.

According to the theoretical framework chosen for this study, members of a community determine what knowledge is. In this particular community, the value of knowledge for consultants needs to take into account four very important dimensions very evident in the consulting discourse: a) the novelty dimension, how new or up-to-date their intellectual product is; b) the commercial value or exchange value of that knowledge, which is the ability to



sell that knowledge or turn it into cash; c) the accessibility to that knowledge, whether it is proprietary or of public access; and d) the utility value of that knowledge, whether without having all of the previously mentioned characteristics, that knowledge is still valuable for its content. “Old” but “useful” knowledge has lost its capability of offering a good exchange value for money, (even if still unaccessible) in spite of the fact that it is still “useful” and it might still be worth diffusing it. In some cases it is distributed as “public domain knowledge”. Sometimes motivations behind sharing this “public domain knowledge” intersect with marketing purposes, branding strategies and altruistic motives. This classification is an emerging framework that requires further development.

If consultants share knowledge that still has exchange value, that sharing damages their practice; they do not benefit from it. In contrast, academics derive benefit from sharing their knowledge as they build on each other’s work. Consultants also build on each other’s work in a different manner, not through the sharing of still commercially valuable knowledge, but through the sharing of knowledge that is no longer able to be sold, termed *public good knowledge*. Some of it has become available for public use and some type of knowledge construction occurs in these cases. Consultants also build upon each other’s work in the databases within large firms, and in client engagements, when they build on what a previous consultant has already done.

It can be concluded that the consultants interviewed are located amidst three other paradigms: the paradigm of management consulting, the paradigm of corporate governance academia, and the paradigm of corporate governance practice. This intersection of different people with different ideas provided part of the richness that the consulting profession showed in this study.

## **8.2 Assessment of the method**

The use of a Kuhnian approach to explore a group of consultants’ practices has shed an interesting light on how they function and on how they create

knowledge. The Foucauldian concepts for studying the consulting discourse and practices offer opportunities for further development. In the academic production of knowledge there is a clear standard that has been working for many years, a method that in this study has served as an instrument of analysis. The notion of *community* for a professional group of people has proven suitable for studying the heterogeneous field of consulting. It has served to find an appropriate method to encompass the wide spectrum of the field, ranging from the large consulting firm to the independent consultant, and their interactions as a larger professional group.

Other academics interested in consultants may find this research relevant because it proposes a different perspective on consulting. The practice is explored from an alternative, strong theoretical point of view. Throughout this thesis an attempt has been made to acquire an understanding of knowledge creating practices in the field of corporate governance advice. Investigations of other consulting fields would be useful.

### **8.3 Further research**

There has been a sustained call for further research on management consulting and its relation to knowledge creation practices (Alvarez, 1998, p.7; Buono, 2002). Management consulting as a field of interest for organization studies is definitely on its starting grounds. There are many unanswered questions in the field (See, for example, Kipping & Armbruster, 1999).

Several issues arose from this research which show the necessity of continuing to increase our understanding as researchers of the consulting practice. Among them is the evolution of consultancy to a career and a profession. Another aspect is the role that different communication strategies play in large consulting firms, why some publish books, others newsletters, others journals, depending on their purpose in communicating, their audience and their data (Stablein, 1996). Further, problems regarding relevance and application of research done within the large consulting firms (like the case with the booklet

presented in 7.3.1) have been identified. Consulting firms are doing such a great volume of studies that they seem to have problems with relevance and the application of their research to practice.

Additional research needs to be done exploring, for example, management consulting's relation to academia, which is an interesting field that has not yet been tested empirically. Directions for future research in this regard would point to investigating management consultants' recruitment practices, and testing for example the anecdotal evidence that large consulting firms have increased the hiring of PhDs, and whether or not this has been sustainable over time. Further research needs to be pursued in order to explore the impact of this recruitment strategy on knowledge creation practices. This significant trend and its impact have not yet been analyzed by academics writing about consultancy.

Another field for further research is to explore the overlapping of the Kuhnian concept of community with similar notions used in alternative literature, notions such as "communities of practice" (Brown & Duguid, 2001; Davenport & Hall, 2002) and "epistemic cultures and communities" (Prebensen, 2000).

The more research done, the more evidence there is about the need of further future work. It is like a book opening and having an interminable amount of books inside, going deeper and deeper into the meaning of things. This thesis has just brushed the surface of the whole universe of consulting knowledge, which is there, waiting, still largely unexplored.

# Appendix I

## A Glance at my Literature Review

1., 2., 3.  
(Kipping & Engwall, 2002)

### 3. CONSULTING PROJECT

**CLIENT**

**Managers**  
(Faust, 2002; Kieser, 2002b)

**'Otherness' results**  
(Kipping & Armbruster, 1999)

**Application**  
(Gammelsæter, 2002)

**Difficulty to measure**  
(Clark & Fincham, 2002b)

**Knowledge**  
(Armbruster & Kipping, 2002; Faust, 2002; Legge, 2002)

**Politics**  
(Alvesson & Johansson, 2002)

**Expansion & Growth**  
(Ernst & Kieser, 2002)

**Technology**  
(Bloomfield & Vurdubakis, 2002)

**2. CONSULTING FIRM**

**Fashion**  
(Abrahamson, 1996; Kieser, 2002a)

**Experience**  
(Weir, 2002)

**Rhetoric**  
(Case, 2002; Fincham, 2002)

**1. CONSULTING INDUSTRY**

**Professionalism**  
(Ruef, 2002)

**History & Development**  
(\*) (Kipping, 2002)

**Interaction with other Carriers of Mgmt Knowledge**  
(Sahlin-Andersson & Engwall, 2002a)

**Low Barriers of Entry**

**Media Press,**  
(Faust, 2002; Mazza & Alvarez, 2000)

**Academia,**  
(\*1) (Kieser, 2002b)

**Management Gurus**  
(Clark & Greatbach, 2002; Jackson, 1996)

**Affected by National Context**

**France** (Henry, 2002)(\*1)

**Sweden** (Engwall, Furusten, & Wallerstedt, 2002)

**Finland** (Ainamo & Tienari, 2002)\*

**Italy** (Crucini, 2002)

**Australia** (Wright, 2002)

## Appendix II

### Management Consulting Associations

<b>IMCNZ (Institute of Management Consultant of New Zealand)</b>
--

Location: Wellington, New Zealand

Date Founded: 1971

Mission Statement: "To promote excellence and ethics in management consulting through certification, education and the provision of professional resources".

Its vision is to be recognized as the leader of the profession of consulting to organizations and management in New Zealand/

Main objectives:

1. develop the practice and profession of management consultancy in New Zealand;
2. foster the compliance of members with high standards of professional performance and ethical conduct;
3. promote actively the training, education and qualifications of persons practising or intending to practice the profession in New Zealand;
4. to grant certificates and classes of membership to members which denote their proficiency and experience in the profession;
5. develop or provide lectures, meetings, conferences and publications and to promote research in management consultancy;
6. test the competence of persons engaged or intending to be engaged in the profession; and
7. provide organisations (i.e. prospective employers of consulting services) with a register of members and guidance on selecting an appropriately qualified and experienced professional adviser).

The IMCNZ is a member of the International Council of Management Consulting Institutes ("ICMCI"), an organization that spans 36 countries and has in excess of 25,000 members worldwide. IMC members who hold the CMC accreditation are able to practice in ICMCI member countries without further assessment, opening business opportunities around the world.

## *Appendix II*

---

By October 2004, the IMCNZ membership<sup>21</sup> was composed as follows:

Total members: 61

CMC members: 57

Provisional members: 'Friend of IMCNZ': 4

Source: [www.imcnz.org](http://www.imcnz.org)

<b>AMCF (Association of Management Consulting Firms)</b>
--

Location: USA

Date Founded: 1929

Formerly known as ACME (Association of Consulting Management Engineers).

Mission Statement: “To be the collective voice and promote knowledge exchange and professional standards for the community of management consulting firms from around the world with a focus on North American markets”.

It has fostered understanding of the profession's scope and purposes; provided a forum for confronting common challenges; expanded the knowledge base of member firms and their clients; and championed a Code of Professional Conduct.

Membership: Membership is comprised of management consulting firms, which meet high professional standards of competence, objectivity, and integrity.

Member firms include Cap Gemini/Ernst & Young, IBM, PeopleSoft, and Deloitte Consulting, among others.

Source: [www.amcf.org](http://www.amcf.org)

---

<sup>21</sup> Source: email communication with Suzanne Barley, IMCNZ secretary.

<b>European Federation of Management Consulting Associations (FEACO)</b>
--

Location: Brussels

Date Founded: 1960, formed by Dutch, French, German, Swedish and Swiss associations in Paris

FEACO promotes and develops the profession of Management Consultancy in Europe by providing support to its constituent National Association membership in those areas where a collective voice is stronger than the sum of its individual members. It's the umbrella organisation for 22 Management Consultancies Associations. It comprises a number of working groups and discussion forums.

FEACO member associations represent more than 3,600 management consultancy practices, of all sizes, which employ over 105,000 consultants. FEACO operates with 3 types of membership:

- Full membership is open to long-standing national associations
- Associate membership is open to newly established national associations
- Affiliated membership is open to non-European national associations and large firms.
- It's main objective is to assist in promoting and developing the profession.

Source: [www.feaco.org](http://www.feaco.org)

## Appendix III

### Consulting Firms' Websites Features on Corporate Governance

Consulting Firm	Website features on Corporate Governance (C.G.)
<b>Accenture</b>	<p>Has a section in the list "Inside Accenture.com", called Corporate Governance, on their approach to corporate governance, including access to their key guiding principles and documents, and Board of Directors and Board committees of their own firm. They also publish documents like for example, "Governance: Keeping learning on track to deliver higher performance", "The Role of the CEO today" or "Rediscovering shareholder value: A proven approach". Some of its partners are presented as looking for a 'new kind of governance'. An interesting fact about this firm is that in April 2003, it became the co-publisher of the <i>Journal of Applied Corporate Finance (JACF)</i>, Stern Stewart's quarterly publication for corporate managers devoted to the practical application of the best current research in finance.</p>
<b>Bain &amp; Co.</b>	<p>There is a special sector where they state that their capabilities help generate lasting impact, and 'Corporate Strategy' is as an option to select a capability. They have several publications referring to C.G., like for example: "The seven habits of an effective board" in popular media. Though they do not have an office in New Zealand, they claim to service the area from Australia.</p>
<b>Boston Consulting Group (BCG)</b>	<p>The firm has an expertise area of "corporate development". Publications related to C.G.: "Back to the Drawing Board: Designing Corporate Boards for a Complex World" book written in November 2003, by a BCG partner in collaboration with a Harvard Professor. Under section called "Sample of our thinking", in the worldwide website (not specifically in New Zealand) there are many references to governance issues.</p>
<b>Deloitte Touche</b>	<p>"Corporate Governance" appears as a subsection under "Audit and Assurance". They also have a section within "corporate finance" called "human capital", which tackles some of the c.g. issues. Under a title "Learn More..." it appears a document called "Deloitte's Point of View - Sarbanes-Oxley Compliance" (a downloadable .pdf) with their opinion on the matter. Similarly, a Deloitte Research Viewpoint .pdf called "Empowering the CFO" relates to governance and financial issues. Recently they published a survey conducted with 250 executives, with the Economist Intelligence Unit called "In the Dark: What Boards and Executives Don't Know About the Health of Their Businesses".</p>



*Appendix III*

<p><b>Ernst &amp; Young (E&amp;Y)</b></p>	<p>C.G. is given a closer look, and they admit that is the first time they are focusing on existing and emerging issues as well as trends for the information of Directors, Audit Committees, and Management. In the New Zealand website, they advertise on the home page the booklet "Questions that Matter: A Boardroom Survival Guide for Turbulent Times". As part of their Services they have a section called "Assurance and Advisory Business Services", within it they conduct a series of Corporate Governance Surveys, these are e-mail rapid-fire surveys on current Corporate Governance issues, and its results are published within the week. They also have one called "Business Risk Services" that includes governance issues as well.</p>
<p><b>KPMG</b></p>	<p>In the New Zealand website, as part of their Services, the firm has a section on C.G., under the subdivision in "Audit", "Tax", and "Advisory" sections. Under the Audit heading, models for annual reports and IFRS standards are listed. Under the Tax heading, corporate tax, indirect tax and international services are listed. They offer in their website an 'Audit Committee Guide' (available on .pdf format) and a 'Toolkit for the Company Director', which consists of an essential guide and "insight into current best practice" related to governance. Additionally, the same material can be accessed through their "Knowledge Library", under the title C.G. The firm co-published two white papers with The Economist Intelligence Unit on governance in 2002, and 2003 called "Corporate Governance: Business under scrutiny" (available in .pdf).</p>
<p><b>McKinsey &amp; Co.</b></p>	<p>They have a special section based on Corporate Governance, making emphasis that over the past 10 years; C.G. has been a knowledge development priority. In this same section, there are different subsections such as research, press, articles and roundtable. Governance is a widely developed area, there are many articles about it, even one that talks about McKinsey starting a new era in corporate governance.</p>
<p><b>PricewaterhouseCoopers (PwC)</b></p>	<p>C.G. is mentioned in a few articles published in Risky Business. In the section "about us" they mention the Conference Board Research Reports, were they highlight the latest economic and business news. They count with a World Watch - C.G. News Summary. They also published an article about 'increased spending on Corporate Governance, expected as part of Sustainability Focus, PricewaterhouseCoopers Survey Finds' in May, 2003. In the section of "Performance Improvement", they have what is called Sustainability Solutions, including the Corporate Governance &amp; Business Ethics. They have got a whole section of Publications, with many corporate governance issues in them.</p>

## Appendix IV

### Questionnaire for Interviews and Transcript

#### Section A - Exploring their careers...

- When or how have you decided to become a consultant?
- Try to describe to me how you have managed your career (it was planned, or was more of a chance it happened)
- What things lured you into the job?

#### Section B – Exploring their industry...

- What were your perceptions of the consulting industry before joining? And now that you're working in it?
- Do you feel you “belong” to the industry?
- What things do you “use” from the industry that are available for you just for being a consultant? (Are there any? For example IMCNZ)

#### Section C – Exploring their practice...

- On getting together your information and knowledge to do the job, what influences you the most?
- Do you have contact with other consultants? How often?
- Who would you ask about CG?
- What are your main sources to gather knowledge?

#### Section D - On the C.G. topic...

##### D.1 - Corporate Governance

- What are the main issues you encounter?
- What is usually “the problem”?
- Is there a “usual” conflict?

Drawing from your personal experience, what can you tell me about them?

-As a consultant, are you aware of new “hot topics”? Are you updated with them? Do you try to keep in track with it? How do you do it?

##### Section E - General Practice...

- How would you say, does the consulting firm you work in “build up your knowledge” on Corporate Governance?
  - What magazines/journals do you read?
  - Do you count on any international material? Local?
  - Who do you talk to?
  - Do you buy any reports?
  - Do you attend any conferences?

## *Appendix IV*

---

- Who would you consider to be the leading “lights” in New Zealand in the topic of Corporate Governance? Who would you consider influential?

Factors that influences consultants & contribute in their construction of knowledge:

- Their past professional activity
  - Association memberships, advisory groups memberships, forums, conference attendances, speaker, etc
  - Publication activities, editorial board participation, papers, articles published
  - Lectures given at professional meetings
  
- Their partner’s or members of the team professional record
- The experience of having had other clients
- Their reading, their media updates
- Their human relationships, social networks “consultants, as managers, talk to people”
- Issues about confidentiality & trust.
  
- Their perception on their industry for the last 15 years.
  - Major events or shifts
  - Trends in the consulting industry
  - “Where are the Big 5 looking at”

### **Section F – Concluding Remarks**

- What advice would you give to a ‘rookie’ in the job?
  - Anything else you would like to say or add...

## Interview Transcript

ME: Interviewer

*CI: Consultant Interviewee*

*CI: Interpretation, we did a little study the other day where we took 4 New Zealand listed companies that are listed on the Australian Stock Exchange and New Zealand Stock Exchange, we identified the directors of those companies and then identified what companies those directors were directors of, and the implication was, I am a director of a public listed company which dual listing, and I have these rules to follow, when I go and sit on another board I will more likely use those rules as a benchmark than not a benchmark. And we identified 250 companies that are impacted by directors of these 4 companies so; you know...the point I was trying to identify was does New Zealand have a heavy-handed or a light-handed governance regime. On the face of it has a light-handed regime, the reality is probably somewhere heavy-handed and light-handed because of the influence of New Zealand directors which dual listed entities.*

ME: And...why did you do that study?

*CI: I was just curious about it.*

ME: You identified a thing that you did not know that you should know because it helps you to understand something...

*CI: It helps me to understand it and it also reinforce the point that I was trying to make to the business community around the...nature of the governance regimes in New Zealand. In the last four weeks I've presented about eight times on governance to various business groups and that little bit of research... it didn't take...which is hardly research...was just an interesting little byline for them to say well, don't sit here complacently thinking that New Zealand does not have good rules. It does have good rules...*

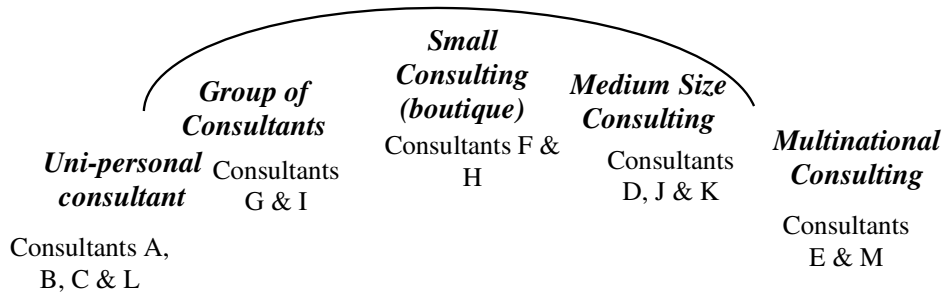
ME: Very interesting...and when you say we have to discuss what is good governance...in this country...to be a fruitful debate, so you don't really say, we know, E&Y knows what is good governance....listen to use....you seem to say that something is good is able to tell us within a debate...

*CI: No, I think there are some basic principles, which are non-negotiable. But I think that's how do you interpret those basic principles for implementation, and every company is going to do it in a different way...*

## Appendix V

### Interviewees' Description

#### *Spectrum of the sample according to firm size*



**Consultant A** is at the time of the interview very much involved in the IMCNZ. He is the former employee of a large consulting firm, and had been in the firm for 25 years. He is an engineer. Since leaving the large firm he used to work in, he has worked as an independent consultant.

**Consultant B** is a single consultant who started off as an independent professional. At some point she and a colleague founded a small consulting company specialized in governance, which later was dissolved. She is a certified member of the IMCNZ.

**Consultant C** gives expert advice on corporate governance. She offers what is known as boutique-type consulting, very specialized. Closely related to her role as consultant, she has a teaching role in the Institute of Directors' annual course. She used to work in a large consulting firm and was invited by the firm to outsource her services, taking all her clients with her.

**Consultant D** is a former employee of a large international consulting firm. He was a senior partner and had a managerial role in charge of recruiting and internal supervision. He decided to leave the firm mainly because of an unbalanced personal/professional life. He founded a small consulting firm with two other colleagues who left the firm with him.

**Consultant E** is a manager in charge of the administration of a medium-sized consulting firm. He does not provide consulting services directly to clients, but manages the consulting firm. He started working as an independent consultant before and was then hired by this firm to run the business part of it. The firm he manages subcontracts around 30 consultants who invoice the firm every month.

**Consultant F** is a senior partner of a large consulting and auditing firm. He is in charge of the auditing area. He is an accountant and when he graduated he was hired by the firm and trained within it.

**Consultant G** was the founder of a boutique-type of consulting firm specialized in corporate governance. He and a partner constitute the firm. The firm publishes a bi-monthly newsletter that gets distributed to around 2,000 subscribers. Before becoming a consultant, Consultant G was a CEO in a corporation and his career has been mainly executive-oriented.

**Consultant H** is a member of the IMCNZ. He works in an executive search-consulting firm, which he founded and in addition, offers governance services on his own. He has been in the consulting profession for 35 years. He entered a medium sized executive search firm, after working in the public sector for three years. He has graduated from psychology and became a consultant ever since.

**Consultant I** offered his services as part of a small group of consultants. A year ago he left the firm and continued giving advice on his own. He said he provided most of the pipeline and found no benefit in belonging to the firm. He provides advice on corporate governance. He also teaches in university, though not on governance topics.

**Consultant J** works in a medium-sized executive search firm, which he founded ten years ago. He started in the profession after working as a manager in a corporation. He entered a medium-sized consulting firm and then left with a partner to set up on their own. Finally he and his partner parted and each of them founded their own companies.

**Consultant K** worked in a medium-sized firm that offered a variety of services, among which sits governance. He used to be an investment banker, and was in-between-jobs until he was invited by the consulting firm to join in.

**Consultant L** is an independent consultant who gives advice on governance. She is an economist and once worked in a consulting firm in the past. She is an active member of the IOD. She has sat on a number of boards.

**Consultant M** is the senior partner of a large accounting and auditing firm. He is an accountant and a member of the Institute of Chartered Accountant of New Zealand. Ever since he graduated from university he has been working as a consultant and trained within the firm.

## **Appendix VI**

### **Information Sheet and Consent Form**

#### **Knowledge Creation by Management Consultants**

##### **INFORMATION SHEET**

My name is Maria Elisa Peirano Vejo. I am currently a postgraduate student at Massey University, as a candidate for a Master in Management. I would like to invite you to participate in the research I am conducting about *Management Consultants in the field of Corporate Governance*. Please read this information sheet carefully before deciding whether or not you want to participate in the study.

The purpose of this research project is to explore how management consultants manage to give advice on corporate governance and how they gain a better understanding of it. You have been chosen as a possible candidate to conduct an interview. If you kindly give your permission, the study will involve one in-depth interview regarding the topic mentioned above. Your participation in this study is absolutely voluntary.

Please bear in mind that no identifying data will accompany any particular comments from any individual. Should you agree to take part in this project, you will be asked to participate in an interview, which will typically last an hour (but could be longer or shorter at your convenience). If you grant your permission, the interviews will be audio tape-recorded. Place and time will be arranged at your convenience. Upon request, you can read the audiotape transcripts.

The data collected from the interview will be used for my Master's thesis and any subsequent publications. It will be stored securely at Massey University, and only my supervisors Professor Stablein, Dr. Prichard and I will be able to gain access to it. At the end of the project any personal information will be destroyed except for any raw data, on which the results of the project depend. The University Research's policy requires that this data have to remain in secure storage for five years, after which it will be destroyed.

You are under no obligation to accept this invitation. If you decide to participate, you have the right to decline to answer any particular question; withdraw from the study at any time; ask any questions about the study at any time during participation; provide information on the understanding that your name will not be used; and ask for the audiotape to be turned off at any time during the interview.

This project has been reviewed, judged to be low risk, and approved by the researcher and supervisor under delegated authority from the Massey University Human Ethics Committee. If you have any concerns about the conduct of this research, please contact Professor Sylvia Rumball, Assistant to the Vice-Chancellor (Ethics & Equity), telephone 06 350 5249, email [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz).

If you have any questions, queries or doubts about the project, please feel free to contact my supervisors: Professor Ralph Stablein, phone 06 356-9099 ext 2795, email [r.stablein@massey.ac.nz](mailto:r.stablein@massey.ac.nz); Dr. Craig Prichard phone 06 356-9099 ext 2244, email [c.prichard@massey.ac.nz](mailto:c.prichard@massey.ac.nz); or me. My contact details at Massey are phone: (06) 355 5099 ext. 2607 or on email: [M.E.PeiranoVejo@massey.ac.nz](mailto:M.E.PeiranoVejo@massey.ac.nz), otherwise, my home number is (06) 355 2637. Thank you very much for your cooperation.

Yours truly,

Maria Elisa Peirano Vejo

Candidate for Master in  
Management



***Knowledge Construction by Management Consultants***

**PARTICIPANT CONSENT FORM**

**This consent form will be held for a period of five (5) years**

I have read the Information Sheet and have had the details of the study explained to me.  
My questions have been answered to my satisfaction, and I understand that I may ask  
further questions at any time.

I agree/do not agree to the interview being audio taped.

I wish/do not wish to have data placed in an official archive.

I agree to participate in this study under the conditions set out in the Information Sheet.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Full Name - printed** \_\_\_\_\_

## REFERENCES

- Abrahamson, E. (1996). Management fashion. *Academy of Management Review*, 21(1), 254-286.
- Abrahamson, E., & Fairchild, G. (1999). Management fashion: Lifecycles, triggers, and collective learning processes. *Administrative Science Quarterly*, 44(4), 708-741.
- Abrahamson, E., & Fairchild, G. (2001). Knowledge industries and idea entrepreneurs. In C. B. Schoonhoven & E. Romanelli (Eds.), *The entrepreneurship dynamic* (pp. 147-177). Stanford: Stanford University Press.
- Adams, S. M., & Zanzi, A. (2001). Are we producing information age consultants? In A. F. Buono (Ed.), *Current trends in management consulting* (pp. 189-206). Greenwich: Information Age Publisher.
- Ainamo, A., & Tienari, J. (2002). The rise and fall of a local version of management consulting in Finland. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 70-87). Oxford: Oxford University Press.
- Alvarez, J. L. (1998). The sociological tradition and the spread and institutionalization of knowledge for action. In J. L. Alvarez (Ed.), *The diffusion and consumption of business knowledge* (pp. 13-57). London: Macmillan Press Ltd.
- Alvesson, M. (1993). Organizations as rhetoric: Knowledge-intensive firms and the struggle with ambiguity. *Journal of Management Studies*, 30(6), 997-1016.
- Alvesson, M. (2003). Beyond neopositivists, romantics and localists: A reflexive approach to interviews in organizational research. *Academy of Management Review*, 28(1), 13-33.
- Alvesson, M. (2004). *Knowledge work and knowledge-intensive firms*. Oxford: Oxford University Press.
- Alvesson, M., & Johansson, A. W. (2002). Professionalism and politics in management consultancy work. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 228-246). Oxford: Blackwell Publishers.
- Armbrüster, T., & Kipping, M. (2002). Types of knowledge and the client consultant interaction. In K. Sahlin-Andersson & L. Engwall (Eds.), *The expansion of management knowledge: Carriers, flows, and sources* (pp. 96-110). Stanford, Calif: Stanford University Press.
- Barley, S. R., Meyer, G. W., & Gash, D. C. (1988). Culture of cultures: Academics, practitioners and the pragmatics of normative control. *Administrative Science Quarterly*, 33(1), 24-60.
- Biswas, S., & Twitchell, D. (1999). *Management consulting: A complete guide to the industry*. New York: Wiley.

## References

---

- Bloomfield, B. P., & Vurdubakis, T. (2002). The vision thing: Constructing technology and the future in management advice. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 115-129). Oxford: Blackwell Publishers Ltd.
- Bobrow, E. E. (1999). Consultants of the world unite! *Journal of Management Consulting*, 10(3), 61-65.
- Brown, J. S., & Duguid, P. (2001). Knowledge and organization: A social-practice perspective. *Organization Science*, 12(2), 198-213.
- Buono, A. F. (Ed.). (2001). *Current trends in management consulting*. Greenwich: Information Age Publisher.
- Buono, A. F. (Ed.). (2002). *Developing knowledge and value in management consulting*. Greenwich: Information Age Publishing.
- Burr, V. (1995). *An introduction to social constructionism*. London: Routledge.
- Bushko, D. (2003). Since Enron - The consulting response. *Consulting to Management - C2M*, 14(4), 3-5.
- Canback, S. (1998). The logic of management consulting. *Journal of Management Consulting*, 10(3), 3-13.
- Case, P. (2002). Virtual stories of virtual working: Critical reflections on CTI consultancy discourse. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 93-114). Oxford: Blackwell Publishers Ltd.
- Chandler, A. D. (1977). *The visible hand: The managerial revolution in American business*. Cambridge, Mass.: Belknap Press.
- Charmaz, K. (2001). Qualitative interviewing and grounded theory analysis. In J. F. Gubrium & J. A. Holstein (Eds.), *Handbook of interview research* (pp. 675-694). Thousand Oaks: Sage Publications Ltd.
- Chiu, P., & Monin, J. (2003). Effective Corporate Governance: from the perspective of New Zealand fund managers., *Corporate Governance: An International Review* (Vol. 11, pp. 123-131): Blackwell Publishing Limited.
- Choo, C. W. (1998). *The knowing organization*. New York: Oxford University Press.
- Clark, T. (2001). Management research on fashion. *Human Relations*, 54(12), 1650-1663.
- Clark, T., & Fincham, R. (2002a). Introduction: The emergence of critical perspective in consulting. In T. Clark & R. Fincham (Eds.), *Critical consulting: New perspectives on the management advice industry* (pp. 1-18). Malden, Mass.: Blackwell Publishers.
- Clark, T., & Fincham, R. (Eds.). (2002b). *Critical consulting: New perspectives on the management advice industry*. Malden, Mass: Blackwell Publishers.
- Clark, T., & Greatbach, D. (2002). Collaborative relationships in the creation and fashioning of management ideas: Gurus, editors, and managers. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 130-145). Oxford: Oxford University Press.

## References

---

- Clarke, T. (1998). The stakeholder corporation: A business philosophy for the information age. *Long Range Planning*, 31(2), 182-194.
- Clarke, T. (2004). Introduction. In T. Clarke (Ed.), *Theories of corporate governance* (pp. 1-30). Oxon: Routledge.
- Clegg, S. R., & Hardy, C. (1999). Conclusion: Representations. In S. R. Clegg & C. Hardy (Eds.), *Studying Organization* (pp. 422-451). London: Sage Publications.
- Crucini, C. (2002). Knowledge management at the country level: A large consulting firm in Italy. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 109-128). Oxford: Oxford University Press.
- Czarniawska, B., & Mazza, C. (2003). Consulting as a liminal space. *Human Relations*, 56(3), 267.
- Czarniawska, F. (1999). *Management consultancy in the 21st century*. Basingstoke, Hampshire: Macmillan Business.
- Daily, C. M., Dalton, D. R., & Rajagopalan, N. (2003). Governance through ownership: Centuries of practice, decades of research. *Academy of Management Journal*, 46(2), 151-158.
- Davenport, E., & Hall, H. (2002). Organizational knowledge and communities of practice. *Annual Review of Information Science and Technology*, 36, 171-227.
- Davis, J. H., & Schoorman, F. D. (1997). Toward a stewardship theory of management. *Academy of Management Review* (Vol. 22, pp. 20).
- Dean, J. (1938). The place of management counsel in business. *Harvard Business Review*, 16(4), 451-465.
- Deetz, S. (1998). (Re)Constructing the modern organization. In A. McKinlay & K. Starkey (Eds.), *Foucault, Management and Organization Theory* (pp. 151-172). London: Sage.
- Denzin, N. K., & Lincoln, Y. S. (1994). Introduction: Entering the field of qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of Qualitative Research* (pp. 1-17). California: Sage.
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57.
- Engwall, L., Furusten, S., & Wallerstedt, E. (2002). The changing relationship between management consulting and academia: Evidence from Sweden. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 36-51). Oxford: Oxford University Press.
- Engwall, L., & Kipping, M. (2002). Introduction: Management consulting as a knowledge industry. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry*. Oxford: Oxford University Press.
- Engwall, L., & Kipping, M. (2004). Introduction: The dissemination of management knowledge. *Management Learning*, 35(3), 243-253.
- Engwall, L., & Zamagni, V. (Eds.). (1998). *Management education in historical perspective*.

## References

---

- Manchester: Manchester University Press.
- Ernst, B., & Kieser, A. (2002). In search of explanations for the consulting expansion. In K. Sahlin-Andersson & L. Engwall (Eds.), *The expansion of management knowledge* (pp. 47-73). Stanford, California: Stanford University Press.
- Faust, M. (2002). Consultancies as actors in knowledge arenas: Evidence from Germany. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 146-163). Oxford: Oxford University Press.
- Fincham, R. (2002). Charisma versus technique: Differentiating the expertise of management gurus and management consultants. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 191-205). Oxford: Blackwell Publishers Ltd.
- Foucault, M. (1984). The order of discourse. In M. Shapiro (Ed.), *Language and politics* (pp. 108-138). Oxford: Billing and Sons.
- Fox, M. A. (1995). *Studies of corporate governance in New Zealand*. Unpublished Ph. D. degree, University of Canterbury, Christchurch.
- Furusten, S. (1999). *Popular management books: How they are made and what they mean for organisations*. London; New York: Routledge.
- Gammelsæter, H. (2002). Managers and consultants as embedded actors: Evidence from Norway. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry*. Oxford: Oxford University Press.
- Gibbons, M., Limoges, C., Nowotny, H., Schwartzman, S., Scott, P., & Trow, M. (1994). *The new production of knowledge*. Stockholm: Sage Publications.
- Glückler, J., & Armbrüster, T. (2003). Bridging uncertainty in management consulting: The mechanisms of trust and networked reputation. *Organization Studies*, 24(2), 269.
- Goldman, H. H. (1996). Involve the CEO! *Journal of Management Consulting*, 9(1), 10-11.
- Gore, G. J., & Wright, R. G. (Eds.). (1979). *The academic consultant connection*. United States of America: Kendall/Hunt Publishing Company.
- Gross, C. (2000). The dissemination of consultancy knowledge. In M. Kipping & T. Armbrüster (Eds.), *The content of consultancy work: Knowledge generation, codification and dissemination* (pp. 134-160): CEMP Report No.13.
- Hansen, M. T., & Haas, M. R. (2001). Competing for attention in knowledge markets: Electronic document dissemination in a management consulting company. *Administrative Science Quarterly*, 46(1), 1.
- Hansen, M. T., Nohria, N., & Tierney, T. (1999). What's your strategy for managing knowledge? *Harvard Business Review*, 77(2), 106.
- Healy, J. (2003). *Corporate governance & wealth creation in New Zealand*. Palmerston North: Dunmore Press.
- Heller, F. (2002). What next? More critique of consultants, gurus and managers. In T. Clark & R. Fincham (Eds.), *Critical*

## References

---

- Consulting* (pp. 260-270). Oxford: Blackwell Publishers Ltd.
- Henry, O. (2002). The acquisition of symbolic capital by consultants: The French case. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 19-35). Oxford: Oxford University Press.
- Holmes, A. (2002). *The chameleon consultant: Culturally intelligent consultancy*. Aldershot: Gower.
- Jackson, B. G. (1996). Re-engineering the sense of self: The manager and the management guru. *Journal of Management Studies*, 33(5), 571.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Jones, D. (2000). Knowledge workers 'r' us: Academics, practitioners, and 'specific intellectuals'. In C. Prichard, R. Hull, M. Chumer & H. Willmott (Eds.), *Managing knowledge: critical investigations of work and learning*. Basingstoke: Macmillan.
- Kieser, A. (2002a). Managers as marionettes? Using fashion theories to explain the success of consultancies. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 167-183). Oxford: Oxford University Press.
- Kieser, A. (2002b). On communication barriers between management science, consultancies and business organizations. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 206-227). Oxford: Blackwell Publishers Ltd.
- Kipping, M. (2002). Trapped in their wave: The evolution of management consultancies. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 28-49). Oxford: Blackwell Publishers Ltd.
- Kipping, M., & Armbruster, T. (1999). *Management consultants and management knowledge: A literature review*. Unpublished manuscript, The University of Reading.
- Kipping, M., & Armbruster, T. (2000). *The content of consultancy work: Knowledge generation, codification and dissemination*: CEMP Report No. 13.
- Kipping, M., & Engwall, L. (Eds.). (2002). *Management consulting: Emergence and dynamics of a knowledge industry*. Oxford: Oxford University Press.
- Kipping, M., & Puig, N. (2002). *Entre influencias internacionales y tradiciones nacionales: Las consultoras de empresa en la España del siglo XX*. Unpublished manuscript, Barcelona.
- Koch, C. (2004). The tyranny of projects: Teamworking, knowledge production and management in consulting engineering. *Economic and Industrial Democracy*, 25(2), 277-300.
- Kubr, M. (1986). *Management consulting: A guide to the profession* (2nd ed.). Geneva; London: International Labour Office.

## References

---

- Kubr, M. (2002). *Management consulting: A guide to the profession* (4th ed.). Geneva; London: International Labour Office.
- Kuhn, T. S. (1996). *The structure of scientific revolutions* (3rd ed.). Chicago, IL: University of Chicago Press.
- Kvale, S. (1996). *Interviews: An introduction to qualitative research interviewing*. Thousand Oaks, Calif: Sage Publications.
- Lee, W. B., & Skarke, G. M. (1996). Value-added fads: From passing fancy to eternal truths. *Consulting to Management*, 9(2), 10-15.
- Legge, K. (2002). On knowledge, business consultants and the selling of Total Quality Management. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 74-90). Oxford: Blackwell Publishers Ltd.
- Levy, L. (1997). Action in the boardroom. *Journal of Management Consulting*, 9(3), 61-70.
- Lundberg, C. C. (2002). Consultancy foundations: Towards a general theory. In A. F. Buono (Ed.), *Developing knowledge and value in management consulting* (pp. 153-168). Greenwich: Information Age Publishing.
- Lundberg, C. C., & Raia, A. P. (1976). *Issues in the practice of organizational development consultancy*. Paper presented at the Academy of Management Proceedings.
- Mak, Y. T., & Roush, M. L. (2000). Factors affecting the characteristics of boards of directors: An empirical study of New Zealand Initial Public Offering firms. *Journal of Business Research*, 47(2), 147-159.
- March, J. G. (1999). *The pursuit of organizational intelligence*. Malden: Blackwell.
- Mazza, C., & Alvarez, J. L. (2000). Haute Couture and Pret-a-Porter: The popular press and the diffusion of management practices. *Organization Studies*, 21(3), 567-589.
- McKelvey, B. (2003). Postmodernism vs. Truth in management theory. In E. Locke (Ed.), *Postmodernism & management: Pros, cons and the alternative* (pp. 113-168). Amsterdam: Elsevier.
- McKenna, C. D. (1995). The origins of modern management consulting. *Business and Economic History*, 24(1), 51-58.
- McKenna, C. D. (1997). "The American Challenge": McKinsey & Company's role in the transfer of decentralization to Europe, 1957-1975. Paper presented at the Academy of Management, Boston.
- McKinlay, A. (2000). The bearable lightness of control: Organisational reflexivity and the politics of knowledge management. In C. Prichard, R. Hull, M. Chumer & H. Willmott (Eds.), *Managing knowledge: Critical investigations of work and learning* (pp. 107-121). Basingstoke: Macmillan.
- Meyer, J. W. (2002). Globalization and the expansion and standardization of management. In K. Sahlin-Andersson & L. Engwall (Eds.), *The expansion of management knowledge* (pp. 33-44). Stanford, California: Stanford University Press.

## References

---

- Micklethwait, J., & Wooldridge, A. (1996). *The witch doctors: What the management gurus are saying, why it matters and how to make sense of it*. London: Heinemann.
- Muth, M. M., & Donaldson, L. (1998). Stewardship theory and board structure: A contingency approach, *Corporate Governance: An International Review* (Vol. 6, pp. 5).
- Nohria, N., & Eccles, R. G. (1998). Where does management knowledge come from? In J. L. Alvarez (Ed.), *The diffusion and consumption of business knowledge* (pp. 278-304). London: Macmillan Press Ltd.
- Nonaka, I. (1994). A dynamic theory of organizational knowledge creation. *Organization Science*, 5(1), 14-38.
- Nowotny, H., Scott, P., & Gibbons, M. (2001). *Re-thinking science: Knowledge and the public in an age of uncertainty*. Cambridge: Blackwell.
- OECD. (2004). *Principles of Corporate Governance*. Paris.
- O'Shea, J. E., & Madigan, C. (1997). *Dangerous company: The consulting powerhouses and the businesses they save and ruin*. New York: Times Business.
- Penn, R. (1998). The role of consulting knowledge in the transformation of work in contemporary Europe. In J. L. Alvarez (Ed.), *The diffusion and consumption of business knowledge* (pp. 220-228). London: Macmillan Press Ltd.
- Perrow, C. (2002). *Organizing America: Wealth, power, and the origins of corporate capitalism*. Princeton, N.J.: Princeton University Press.
- Peters, T. (1992). *Liberation Management*. New York: MacMillan London.
- Phillips, R., Freeman, R. E., & Wicks, A. C. (2003). What stakeholder theory is not. *Business Ethics Quarterly*, 13(4), 479-502.
- Pinault, L. (2000). *Consulting demons: Inside the unscrupulous world of global corporate consulting*. New York: Harper Business.
- Prebensen, H. (2000). Meanings and knowledge. Epistemic communities in discourse. *Revue Romane*, 35(1), 121-125.
- Probst, G., Raub, S., & Romhardt, K. (1999). *Managing knowledge: Building blocks for success*. Chichester: Wiley.
- Questions that Matter*. (2003). Auckland: Ernst & Young.
- Rasiel, E. M. (1998). *The McKinsey way: Using the techniques of the world's top strategic consultants to help you and your business*. New York: McGraw-Hill.
- Robertson, M., Scarbrough, H., & Swan, J. (2003). Knowledge creation in professional service firms: Institutional effects. *Organization Studies*, 24(6), 831-857.
- Ruef, M. (2002). At the interstices of organizations: The expansion of the management consulting profession, 1933-1997. In K. Sahlin-Andersson & L. Engwall (Eds.), *The expansion of management knowledge* (pp. 74-95). Stanford, California: Stanford University Press.
- Ruta, D. C. (2004). *Knowledge sharing and communication technologies in consulting firms: A motivational analysis*. Paper presented at the Academy of



## References

---

- Management Annual Conference, New Orleans.
- Sahlin-Andersson, K., & Engwall, L. (2002a). Carriers, flows and sources of management knowledge. In K. Sahlin-Andersson & L. Engwall (Eds.), *The expansion of management knowledge: carriers, flows, and sources*. Stanford, Calif: Stanford University Press.
- Sahlin-Andersson, K., & Engwall, L. (2002b). The dynamics of management knowledge expansion. In K. Sahlin-Andersson & L. Engwall (Eds.), *The expansion of management knowledge* (pp. 278-296). Stanford, California: Stanford University Press.
- Salaman, G. (2002). Understanding advice: Towards a sociology of consultancy. In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 247-259). Oxford: Blackwell Publishers.
- Scarborough, H., & Swan, J. (2001). Explaining the diffusion of knowledge management: The role of fashion. *British Journal of Management*, 12(1), 3-10.
- Schein, E. H. (2002). Consulting: What should it mean? In T. Clark & R. Fincham (Eds.), *Critical Consulting* (pp. 21-27). Oxford: Blackwell Publishers Ltd.
- Semadeni, M. (2001). Toward a theory of knowledge arbitrage: Examining management consultants as knowledge arbiters and arbitragers. In A. F. Buono (Ed.), *Current trends in management consulting* (pp. 43-67). Greenwich: Information Age Publisher.
- Servan-Schreiber, J. J. (1969). *The American challenge* (R. Steel, Trans.). Harmondsworth, Middlesex: Penguin.
- Shapiro, E. C. (1996). *Fad surfing in the boardroom: Managing in the age of instant answers*. Reading, Mass: Addison-Wesley.
- Shays, E. M., & Simon, G. A. (2000). JMC Becomes C2M, *Consulting to Management - C2M* (Vol. 11, pp. 2): Journal of Management Consulting.
- Stablein, R. E. (1996). Data in organization studies. In S. R. Clegg, C. Hardy & W. R. Nord (Eds.), *Handbook of Organization Studies* (pp. 509-525). London: Sage.
- Starkey, K., & Madan, P. (2001). Bridging the relevance gap: Aligning stakeholders in the future of management research. *British Journal of Management*, 12(4), S3-S27.
- Steele, F. (1975). *Consulting for organizational change*. Amherst: University of Massachusetts Press.
- Stevens, M. (1981). *The Big Eight*. New York: Macmillan.
- Sturdy, A. (2002). Front-line diffusion: The production and negotiation of knowledge through training interactions. In T. Clark & R. Fincham (Eds.), *Critical consulting* (pp. 130-151). Oxford: Blackwell Publishers Ltd.
- Taylor III, A. (1998, April 13). Consultants have a big people problem. *Fortune*, 137, 162-168.
- Tierno, D. A., & Young, A. (1986). SMR forum: Growth strategies for consulting in the next decade. *Sloan Management Review*, 27(2), 61.
- Townley, B. (2000). Beyond good and evil: Depth and division in the management human resources. In A. McKinlay & K. Starkey

## References

---

- (Eds.), *Foucault, management and organization theory* (pp. 191-210). London: Sage.
- Van Der Werff, T. J. (2003). The court of last resort. *Consulting to Management - C2M*, 14(4), 47-48.
- Vieira, W. E. (1995). Management consulting in the 21st century. *Consulting to Management*, 8(4), 2-4.
- Von Krogh, G., & Grand, S. (2000). Justification in knowledge creation: Dominant logic in management discourses. In G. von Krogh, I. Nonaka & T. Nishiguchi (Eds.), *Knowledge creation: A source of value* (pp. 13-35). New York: MacMillan Press, Inc.
- Wallerstedt, E. (2002). From accounting to professional services: The emergence of a Swedish auditing field. In K. Sahlin-Andersson & L. Engwall (Eds.), *The expansion of management knowledge* (pp. 246-274). Stanford, California: Stanford University Press.
- Walsh, K. (2001). The role of relational expertise in professional service delivery. In A. F. Buono (Ed.), *Current trends in management consulting* (pp. 23-42). United States of America: Information Age Publishing.
- Warner, M. (2003). The incredible shrinking consultant, *Fortune* (Vol. 147, pp. 115-118): Time Inc.
- Werr, A. (2002). The internal creation of consulting knowledge: A question of structuring experience. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 92-108). Oxford: Oxford University Press.
- Werr, A., & Stjernberg, T. (2003). Exploring management consulting firms as knowledge systems. *Organization Studies*, 24(6), 881-908.
- Williams, R. (2003). "Consultobabble" and the client-consultant relationship. *Managerial Auditing Journal*, 18(2), 134-139.
- Wooldridge, A. (1997a, March 22nd). The advice business. *The Economist*, 342, 3-6.
- Wooldridge, A. (1997b, March 22nd). In praise of one-man bands. *Economist*, 342, 9.
- Wright, C. (2002). Promoting demand, gaining legitimacy, and broadening expertise: The evolution of consultancy-client relationships in Australia. In M. Kipping & L. Engwall (Eds.), *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 184-202). Oxford: Oxford University Press.
- Yakura, E. K. (2001). Billables - The valorization of time in consulting. *American Behavioral Scientist*, 44(7), 1076-1095.

