

# Consultants: at the core of interdependencies within the "management" space

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#### **WORKING PAPER**

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## RÉSUMÉ

À partir d'une mise en lumière des liens entre l'univers académique, l'univers du conseil et celui des organisations clientes de ces derniers, cet article s'interroge sur la place et l'influence croissante des consultants dans le monde économique, administratif et même associatif. Il propose de comprendre ces dernières comme le résultat d'une dynamique qui amène chacun des acteurs de ces univers à se comporter en « professionnel », c'est-à-dire à asseoir ses pratiques sur la maîtrise de savoirs, techniques, outils spécialisés et appropriés. Ceux-ci leur permettent de prétendre légitimement intervenir sur la résolution des problèmes organisationnels. C'est en tant qu'experts de ces savoirs que les consultants se présentent. Ils répondent ainsi, tout en la nourrissant, à l'exigence d'une figure professionnelle institutionnalisée par le monde académique et partagée par leurs clients. Cette figure est celle du « manager », réputé seul capable de faire advenir les principes gestionnaires de Maîtrise, Performance et Rationalité.

Mots clés: Organisation, Profession, Savoirs, Management.

#### **SUMMARY**

This article sheds light on links between the world of consulting and the world of the organizations which use consultants' services. It calls into question the place and the growing influence of consultants within economic, public and the voluntary spheres. It suggests to understand the latter as the result of a dynamic which leads each actor in these worlds to behave as « a professional », which means basing their practice on the mastery of specialized and appropriate knowledge, techniques and tools. These enable these actors to legitimate their claims to help solve organizational problems. Consultants present themselves as experts in this knowledge. Thus they meet, and sustain, the demand shared by their clients for a professional figure. This figure, institutionalized by the academic world, is played by the « manager », known as the person who is able to implement the principles of Control, Performance and Rationality.

Key words: Organization, Profession, Knowledge, Management.

## Consultants: at the core of interdependencies within the "management" space

Regardless of their field and method of application, the interventions of consultants are underpinned by both a rationale that aims to optimise performance and by the establishment of rational, methodical and controlled procedures. They profoundly transform the organisations in which they find themselves by not only introducing new norms of action, but also different structures and techniques.

Those discourses and practices holong to a wider world the world of management which has

Rationality" since the second half of the 19th century. The use of consultants as experts in these principles has enjoyed continuous growth in France since the end of the Second World War, as evidenced by the growth in the number of consultancy firms and the volume of their activity (Villette, 2003; Berrebbi-Hoffmann, 2002) as well as the proliferation of the services on offer and the diversity of their profile (Henry, 1992). Moreover, the diversification of their interventions and their clientele alike seems to show their increasing influence in spheres in which management was not previously a norm. This is true of the public sector as well as the voluntary sector which have both implemented the widespread use of consultants in order to (re)organise their activities.

How then can this ubiquity of consultants advocating this management rationale be explained? Following on from the work of J. K. Galbraith (1989), is their influence to be understood from the standpoint of their ability as experts, thus making them the last avatars of technocracy? Or, should we not instead adopt a Weberian theory and explain this "consultocracy" (De Saint-Martin, 2000) as a function that occurred simultaneously with the historical emergence of a "management mindset", in the same way as bureaucracy went hand in hand with the spirit of capitalism (Weber, 1971)?

As an aside to these two suppositions, this article will seek to explain the growing role of consultants, based on what they generate and on the more general development of a professional "management" space. Indeed, it is within this configuration (Elias, 1987) that consultants take their position, in close interdependence with other actors: the academics who institutionalise management knowledge on the one hand and on the other hand the executives, managers, unit leaders or directors who operationalise this knowledge in order to maintain their executive, supervisory or managerial roles. The analysis of the interdependence between these actors brings the internal dynamic of this space up to date. This existence of consultants and their influence can thus only be understood through these interdependent networks, which are themselves enshrined in the much wider professional dynamic of management space. The consultants construct the systems through which the knowledge necessary for the legitimate exercise of management activities in organisations plays out. This pursuit of legitimacy by the different professional groups involved in this space acts as a catalyst both for the renewal of management systems by those deemed as the experts i.e. the consultants, and for their ever broader and more specialised application, thanks to their help. This article, following on from more general works on the distribution of management form (Boussard, 2008) will focus on the French example, examining in particular the relationships between organisations and the worlds of consultancy and academia.

## THE WORK OF EXPERTS IN MANAGEMENT

If management space can be described as a world characterised by a set of activities linked to managing, then the latter can be divided heuristically into two subspaces. On one side are the consultants and on the other their customers who are responsible for the management within an organisation, The former offer their expertise to the latter to help them choose from the different solutions that are open to them and then assist with their implementation.

The above modelling of the work of consultants however conceals an underlying and essential feature of their activity, namely the conception of management processes and their commercial implementation. When they are not with the customer, consultants further develop their solutions, closely monitor rival and emerging techniques, devise new models and tools and construct material and discursive presentations which allow them to transfer this technical knowledge into a commercial proposal. As such, the activity of consultants is a "knowledge industry" (Kipping and Engwall, 2002). It develops and sells knowledge of organisations and their management. However, consultants are ostensibly not the only actors who play a part in the production of management knowledge.

#### The producers of management knowledge

Since the beginning of the 20th century engineers have specialised in offering advice to companies, both in the United States and France. These engineers can be defined as scholars concerned with the implementation of scientific methods and mindsets into business, like Taylor in the United States or H. Fayol in France. Following the Second World War firms began to develop based on the anglo-saxon model of consultant networks. Since 1980 however the prevailing model has been the multinational model of consultancies, which has standardised their methods and knowledge with the aim of gaining market share (Ramirez, 2005). The market is dominated by the "big four" firms, which are nevertheless able to exist side by side with much smaller firms, some of which are reliant on the knowledge of one person who has carved themselves a place in the market as an expert of a particular technique or approach (Villette, 2003).

## Managerial knowledge of management processes

When viewed from a material or symbolic viewpoint, the analysis of the different processes which exist may seem to suggest a substantial heterogeneity in managerial methods. What though do management control systems, an ERP system, customer segmentation and an ISO certification have in common with one another? When looking at these processes in greater details in situation, it can be observed that they all follow a common logic built around the pursuit of an ideal for an organisation, which can be divided into three principles (Boussard, 2008). The first defines the purpose of the management, in this case maintaining the control of the organisation (Control). The second sets a goal for the organisation, namely to enable its efficient functioning (*Performance*). The third determines its methods, namely the implementation of a methodical and rational approach to problems (Rationality). In this way, Control, Performance and Rationality form the management "logos"1. Through these principles, this logos proposes the basis, objectives and methods of every management system. The logos, which can be traced back to the formation of the first management practices at the beginning of the 19th Century (industrial accounting) can be found in the most recent approaches from Knowledge Management to project-based organisation. It maintains that the act of managing is to incorporate the operation of organisations into this foundational framework and above all to control an organisation with the aim of delivering performance via a methodical, calculated and scientific approach.

This management logos can be seen very explicitly in expert publications (encyclopaedias and management manuals, practical guides and methods written by consultants, consulting or training propositions). However it can also be found implicitly within management systems in discourses embedded into physical tools. The technical and discourse agendas can thus not be separated as every technical element is also a "statement" (Foucault, 1969). The term system enables this interconnection of discursive and technical levels to be understood (Foucault, 1991). Better than a "tool" (Berry, 1983) or "instrument" (Moisdon, 1997; Lascoumes, Le Galès, 2004), it furthermore emphasises the existence of heterogenous elements and their different levels: management systems are combinations of knowledge, tools, materials, places, actors, discourses and symbols which are intertwined and cohesive. They thus form part of a management logos, which they simultaneously help to found and perpetuate.

## The production of management systems: competition, segmentation, performativity

The production of management systems comes across paradoxically: it is at once marked by high homogeneity as per the management logos, and yet is simultaneously fragmented into a multitude of different forms. Management is in fact divided into several functions (finance, production, marketing etc.), within which the management logos is applied in a specific way (management control systems, production management systems, market analysis models, etc,). Furthermore, each function is itself the basis for competition between systems (for example the competition

ABC and BSC), and even more so for passing trends (systems succeeding and replacing one another).

Seen from this perspective of differentiation and competition, the systems seem to constitute a market in which it can be assumed that its suppliers respond to customer demand while lacking ever more effective tools. However, the propositions offered by economic sociology, notably following the work of M. Granovetter (2000), urge that the market be considered not as an adjustment between a supply and a demand but as the result of "mediations". This implies viewing management systems as "specific" productions executed by middlemen. Notably, this is the analysis that E. Abrahamsson and G. Fairchild (1999) make of the "quality circle" system. They show that the developers of this system initially formulated the difficulties experienced by American companies in the 1980s as a problem of productivity caused by the arrival of Japan into the economic arena. They thus presented the adoption of quality circles, based on the Japanese model, as the solution to the problem, however ultimately they only helped to further identify the issue.

#### THE DYNAMIC OF MANAGEMENT SPACE

The experts thus produce the systems and recommend them to their clients. To understand management space the second subspace; that of the customer, must also be understood. The customers are the executives, managers, unit leaders or directors responsible for managing an organisation and to this end, they use management systems. They themselves were trained in the management logos, sometimes even in the same places as the consultants who they pay to assist them. Within their own organisation, these customers are themselves experts or future experts in the management of their specific domain.

## A professional space?

In contrast with other specialist activities (such as medicine or law), the customer is himself an actor in the field in which he is seeking knowledge from his advisors. The customer is a management "professional", in the same way that the adviser is. Management space is however not a professional space in the functionalist sense of the term (Merton, 1957; Wilensk 1964). The labour market in this space is indeed not closed by a legal monopoly on the exercise of this activity. Even though the knowledge in this field has been institutionalised and an academic management format has existed since the 1920s and even though there are professional organisations in existence which represent the managers or the executives of this space, at no moment can these professionals ever create a monopoly on the exercise of this activity.

Ultimately, these qualification mechanisms call for the existence of a closure process of the professional market, however from a neo-weberian perspective of professionalisation, such as that proposed by M. Larson (1977), E. Freidson (1970, 1986). Management space can therefore be analysed as a world in which complex closure processes of professional market segments by different "professional groups" are prevalent.

## Closure by knowledge

According to E. Freidson (1986) and A. Abbott (1988), this multitudinous competition supports professional knowledge. If recognised, this knowledge enables a group to legitimate its occupancy of a professional territory. In fact, this knowledge offers definitions of problems experienced by customers and permits the group to resolve them, to the detriment of those claiming to be be specialists in the field. The recognition process of this knowledge, which is a fundamental element, involves the construction of a diagnosis, inference methods and adapted actions. By defining the problems, this knowledge also provides adapted solutions and by virtue of the practical knowledge that they possess, makes the group members indispensable in their realisation.

#### FORMS OF INTERDEPENDENCIES BETWEEN ACTORS IN MANAGEMENT SPACE

The homogeneity constructed around the management logos evokes the process of "imitation" in social groups as brought to light by G. Simmel (2004). This process is always completed by "differentiation" in which the members of a group, initially formed by reciprocal imitation, seek to distinguish themselves from each other. This fragmentation of management space into groups formed around individual systems only makes sense within the framework of the more global homogeneity of the management logos. Rivalry and coherence are here not contradictory but consistent.

Management space is ultimately a differentiated and hierarchical professional space set against a backdrop of the legitimacy of the proposed systems, which is also what ensures the space's closure to the outside as well as its different internal closures. This dynamic promotes the production of systems, their institutionalisation (recognition as academic knowledge) and their employment (practical knowledge). The experts, namely both consultants and academics alike, play a central role in this dynamic. As we have already shown, it is these actors who create the systems by interweaving academic knowledge and practices. Ultimately however they position themselves as the experts of experts: their propositions to customers only carry value as they are aimed at customers who themselves act in this management space and thus share the same dynamic. Moreover, their role is also to position themselves as experts in management knowledge in order to ensure the occupation of a territory of activity, a legitimate status and a symbolic position and identity.

#### To be a true "Manager"

The managers trained in this way see their contribution in a normative context where management virtues are legitimate (Meyer and Rowan, 1977). To be a true manager, one must assimilate with the figure idealised in the discourse. In this framework the systems become indispensable accessories for "playing" the role of manager. As they embody and verbalise the managerial logos, they allow the existence of a manager. Practical knowledge is indispensable to the professional in order to maintain his position. In the same way that a doctor is legitimate thanks to the therapies that he offers, the manager does not maintain his role without techniques. The historical works of B.G Carruthers and W.N Espeland (1991) on the distribution of the double-entry method thus show that the adoption of this method by a businessman allowed him to garner a reputation for seriousness and honesty. In an institutional environment which makes rationality sacrosanct, managers look for a symbolic effect by adopting the systems which embody this rationality.

Moreover, the manager is permanently acting in a situation of uncertainty and their success is never assured. The measure of performance is a thorny issue as the correlation between the different variables of action and the result is never clear. Yet, in situations of radical uncertainty, the only rational behaviour is to imitate the other actors in order to avoid risks and to limit negative sanctions (Keynes. 1936). The adoption of a management system (like the others have), where possible the most renowned in terms of efficiency, enables accusations of negligence in cases of failure to be avoided (Meyer and Rowan, 1977). This situation leads to what DiMaggio and Powell (1983) have called "mimetic isomorphism". Managers select management solutions that have been adopted by similar organisations by "opportunistic use" (Segrestin, 2004). The adoption of ISO standards, ERP systems or "project mode" work are good examples of these.

However in order to defend a territory, it is also necessary that each segment continues to prove itself by proposing conceptions of problems and their respective solutions in a seemingly much more adapted way than those in other segments. It is at this point the offers of systems are received from the experts. On one hand, the offer of training which offers to "help them to develop their technical and managerial competencies based on a range of tools and pedagogies specially adapted for the professionals of the field." On the other hand, the offer of a consultancy service.

*Circulation between management subspaces* 

In addition, it should be recalled that experts and customers alike were trained in the same management logos and their differences are most often played out on the reputation of the diplomas that they receive. The most prestigious firms as well as the best rated companies and units recruit from the most esteemed training courses. In other words, experts and customers alike belong to networks which link them with one another. In this way, it is futile to oppose the subspaces between experts on one side and customers on the other, as we have been doing up to now. This divide conceals the existence of these networks, the unique feature of which is more than a mere nexus of relations. In fact these networks are cognitive spaces in which the members are linked by a set of expertises and common conventions. These conventions are the result of theoretical and practical knowledge which is distributed by management systems. These are themselves integrated into the network as technical objects within the socio-technical framework (Callon, 1988): they enable the mobilisation of the actors around a common and shared translation of a problem and corresponding solution. They arise at any given moment as the professional method of excellence. It is within these networks that definitions of professional activity and the tiering of segments are circulated by way of these systems. The systems, whether learned at university, through continuous training or through consultancy, are the keys to access to these networks. And, at the same time, they are defined by the network itself: as soon as a member of these networks changes position, function or role, he carries these definitions with him and and surrounds himself with the necessary systems to support the role.

The management norms spread by consultants are therefore to be considered as the result of an interdependence between different professional groups, structured in networks. The force of management reasoning is hence neither a consequence of the "power" of consultants, nor that of an inevitable rationalisation of the modern world in which they act unconsciously. It is located at an intermediate and widespread position, which is a dynamic that pushes the actors of this space, whatever they may be, to identify as professionals by using theoretical and practical knowledge appropriate to the management logos. As stated by this executive in continuous training: "You have to learn and put new tools into place in order gain professionalism and continue to grow our business". The consultant is just behind the university door: he prepares the systems necessary to meet this demand for "professionalism".

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