

# The Northern Lights

- Organization theory in Scandinavia

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## ORGANIZED HYPOCRISY

9.

*Nils Brunsson*

For a number of years, the European Union was criticized for the high and unfair customs rate it has charged on bananas imported from countries other than the former European colonies. In 2001, the EU decided to harmonize custom duties for all exporting countries – within five years.

The intensity of car traffic within the city of Stockholm has long been a controversial issue. Traffic increased in Stockholm during the 1990s but city officials could refer to the decision they made at the beginning of the decade to reduce traffic by 30% in 15 years.

When the Swedish corporation, Ericsson, moved part of its head offices to London, large promotional posters appeared in Swedish cities depicting an enormous Swedish flag with Ericsson as the sender.

### **Hypocrisy revisited**

The introductory examples describe statements from various organizations – they are examples of how organizations talk. In the first two examples, the organizations presented what they called decisions. Decisions can be seen as a special type of talk that indicates a will to act and a choice of action. In traditional decision theory, a decision is taken to be indicative of a corresponding action that will occur in the future, or at least the decision is assumed to increase the probability of such an action. Organizational management teams – governments, corporate leaders, or the board of an association, for example – often use decisions in their attempts to govern the actions of other organization members.

There is also talk without decisions. Management presents visions, business concepts, objectives, policies, or political programs that are not decisions regarding specific actions but aimed at convincing members of the organization to act in accordance with management talk. According to traditional administrative wisdom, this kind of talk is expected to have the same effect as decisions – it is assumed to increase the probability for corresponding action. Talk may also affect actions indirectly: talk along a certain vein leads to decisions with the same content, which lead, in turn, to the corresponding action.

In practice, it is not always the case that traditional theory and wisdom reflect realities. There are not always strong connections among talk, decisions, and actions – neither for individuals nor for organizations. To talk is one thing; to decide is a second; to act is yet a third. People talk, decide, and act on separate occasions and in different contexts; and some people talk and decide about how others should act. It is possible to act without making a decision or talking about it, and it is possible to talk and decide without actually acting on it. So there is reason to suspect that there will often be discrepancies among what is said, what is decided, and what is done.

As the examples demonstrate, it is also possible to act contrary to what one has said or decided. People may talk or decide about a certain action but act in the opposite way. The result is hypocrisy.<sup>1</sup> According to the Oxford Dictionary<sup>2</sup> hypocrisy means “the assumption or postulation of moral standards to which one’s own behaviour does not conform.” This definition contains the same distinction that I have made here regarding what is said and what is done, as well as the idea that what is said and done can have varying degrees of correspondence. The definition being used in this chapter is, however, somewhat broader than that of the dictionary: it also encompasses talk, decisions and actions related to things outside the “moral” realm. Thus it is not necessarily the case that what is said is better than what is done. Instead, it may be true that some people believe that what is said is right, others believe that what is decided is right, and still others believe that what is actually done is right. Thereby, hypocrisy can satisfy a variety of different interests, as will be explained below.

Hypocrisy is a concept tied to an “actor”: only actors can be hypocritical. There are two types of actors in modern society: individuals and organizations.<sup>3</sup> In western culture actors are assumed to be bounded, coherent, coordinated and sovereign entities with intentions, who are able to talk, decide and act, and who control their own actions.

Hypocrisy is a kind of inconsistency within an actor. Inconsistencies among actors in society are generally seen as routine and are not necessarily perceived

to be problematic. Inconsistencies *within* actors, however, seem less ordinary and more problematic. The general norm is that actors should be consistent in what they say, decide, and do. Hypocrisy is usually deemed to be a problem. For instance, it is common to talk about “implementation problems” in organizations when the organization does not execute the visions stated or the decisions made. Hypocrisy even challenges moral norms. At first blush, a hypocrite is assumed to be acting in a morally indefensible way. However, these ideas about hypocrisy are open to debate. As I will discuss later, hypocrisy is not necessarily a problem; sometimes it can be a solution. And hypocrisy can be seen as morally valuable, at least compared to its options.

In order to explain hypocrisy in the organizational realm, we need a model with two basic assumptions: one regarding conflict, and one regarding the output of organizations.

### Conflict

Hypocrisy is a response to a world in which values, ideas, or people are in conflict – a way in which individuals and organizations handle such conflicts. Organizations are routinely exposed to conflict. People have different and often contradictory ideas about how an organization should work and what it should achieve, and to satisfy one demand fully may be to satisfy poorly or to fail to satisfy another<sup>4</sup>. Modern organizations are particularly apt to pretend that they can satisfy a series of conflicting demands. Sometimes they seem to do so as a response to external or internal pressures, sometimes managements seem to actively and voluntarily make such pretenses.

For example, modern companies should not only be profitable. They should provide employment; offer a good working environment that provides opportunities for personal development; provide their employees with decent wages; give good service to their customers; contribute to the prosperity, GDP, export revenue, and the general progression of the countries in which they are active, – while not polluting the environment. Modern states should help families and senior citizens, domestic farmers and the economies of developing countries; they should have low taxes and expensive welfare programs, offer a good working environment for their police forces and provide police service 24 hours a day and seven days a week. As positive as these demands are, it is not easy for a company or state to satisfy them all. Success in one dimension often decreases success in another.

Conflict occurs among groups: different groups of people demand different things. Conflict occurs over time: the same people can have different demands at different times. And conflict occurs within individuals because individuals

<sup>1</sup> N. Brunsson, 1986; 1995; 2002.

<sup>2</sup> *The Concise Oxford Dictionary of Current English*, 1995.

<sup>3</sup> Meyer et al., 1987.

<sup>4</sup> Friedlander and Pickle, 1968.

occupy different roles, which include different opinions and interests, some of which are contradictory, and it is not a given that individuals have an order of preference for weighing values against each other<sup>5</sup>. Truthfully, wouldn't we all like to have companies and states that lived up to all the demands mentioned above?

Also, there are conflicts or tensions between ideology and practice. In modern society there are many popular ideas of what is generally rational, just, or good. Such ideas tend to be general, vague and simple, making them attractive as ideas<sup>6</sup> but more difficult to translate into concrete, specific actions in a way that is as attractive and uncontroversial as the ideas<sup>7</sup>. Organizations are systems that are supposed to act, so for them the tension between attractive ideas and the limits and specificities of practice becomes acute. They are easy victims for the criticism of having perverted our ideals. Modern organizations are squeezed between ideology and practice.

### Talk as output

Hypocrisy is meaningful only if talk and decisions have an intrinsic value. A central but often implicit assumption in traditional decision theory is that action is the focal point of interest, and that talk and decisions have no value or interest per se; their only value is in paving the road to a predicated action. But this assumption does not seem to fit modern organizations.

It seems that in practice, there is strong interest not only in the actions of organizations but also in what they say and decide – even in organizations that also produce concrete products. Organizations are surrounded not only by consumers but also by audiences. Modern organizations produce a great deal of talk and decisions. Organizations are seldom secretive about their visions, programs and important decisions; on the contrary, these are often published. Modern corporations have communication departments that specialize in explaining the what and why of current strategies and decisions to external and internal parties. Parliaments of all kinds are conscientious about public debates and well publicized decisions. Indeed, politics in general revolves, to a large extent, around ways of talking and of presenting decisions<sup>8</sup>. And organizations rarely need to go begging for attention – mass media interest is high for organizational planning, strategies, programs, opinions, and decisions. Thus, talk and decision seem to have value as a kind of output created by organizations. It appears that organizations are often valued not mere-

<sup>5</sup> Veyne, 1983; Loewenstein and Elster, 1992.

<sup>6</sup> Strang and Meyer, 1993.

<sup>7</sup> Sartori, 1962.

<sup>8</sup> Edelman, 1964.

ly for their actions but also for what they say and the decisions they make. Publicity is often as important as, if not more, important than the product.

### Talk and decision as compensation

If we assume that talk and decisions are valued outputs of organizations and that organizations are subject to conflicting demands, we will have the ingredients for a model in which the connections among what is said, decided, and done is different from what is often expected. If people who place demands on an organization attach importance not only to the organization's actions but also to what is said and decided, the organization can meet some demands through talk, others through its decisions, and yet others through action – and thus to some extent satisfy three conflicting demands. Or, contrariwise, in this situation it becomes difficult to act consistently with what is said and what is decided. To do so would be to satisfy one interest while leaving the others completely unsatisfied. It would be easier to act in one direction if either the talk or the decision indicates the opposite. In this model, the likelihood of an action decreases the more it is talked about and the more clear decisions are made about it. Its likelihood increases if what is said and decided is in opposition to it. Talk and decisions in one direction *compensate for* actions in the opposite direction and vice versa. Hypocrisy is a way of handling conflicts by reflecting them in inconsistencies among talk, decisions, and actions.

The model of hypocrisy can be applied to the examples at the beginning of this chapter. According to the model, the decision to lift the ban on bananas within five years is the decisive *precondition* for the action to continue preventing banana imports through the use of high custom rates. If the decision had not been contradictory to the action, it would have been difficult to continue with the action. The protests against the high custom duties would probably have become too strong. The decision to decrease traffic in Stockholm made it easier to gain acceptance for the fact that it was actually increasing; it weakened the arguments of those who opposed the increasing traffic because, after all, the decision had been made to decrease traffic – eventually. And Ericsson would not need to put money into a campaign advertising its Swedishness if it were not moving its headoffices abroad.

The model of hypocrisy challenges traditional decision theory and administrative wisdom. According to traditional theory talk, decisions and actions are causally related in a special way: talk or decisions aimed in one direction increase the likelihood of the corresponding action. In the model of hypocrisy talk, decisions and actions are still causally related, but the causality is the reverse: talk or decisions in one direction decrease the likelihood of corresponding actions, and actions in one direction decrease the likelihood of corresponding talk and decisions. The model of hypocrisy implies that talk,

decisions and actions are “coupled” rather than “de-coupled”<sup>9</sup> or “loosely coupled”,<sup>10</sup> but they are coupled in a way other than usually assumed.

It is not a coincidence that I discovered a great deal of hypocrisy when I researched Swedish municipalities. Swedish municipalities are highly autonomous units; they are truly actors, in contrast to many other European municipal systems that are strongly subordinated to national governments. Swedish municipalities are similar to nation states, and just like states they are subject to strongly conflicting demands. Along with states this type of municipality is less able than most other organizations to avoid conflicts in their environments – conflicts among differing interests as well as inconsistencies between ideology and practice. Moreover, it is integral to them that they are able to deal with conflicts that cannot be dealt with elsewhere, and that they are structured to facilitate this task.<sup>11</sup> They produce a great deal of talk and decisions. For local and central governments that must handle highly controversial issues, it is often easier to act contrary to the ways in which they talk, and wise to talk contrary to the ways in which they act. So it is no surprise that it is often easier for liberal governments to socialize and for socialist governments to privatize,<sup>12</sup> or that increases in trade barriers are combined with much presidential talk about the benefits of free trade (as in the case of the introduction of US steel customs at the time of writing).<sup>13</sup>

Within this model, hypocrisy gains a functional meaning. The differences among that which is said, that which is decided and that which is done do not constitute the problems implied by traditional decision theory. There is still a lack of implementation, but no implementation *problem*. Instead, hypocrisy is a solution – a solution to several problems. Hypocrisy makes it easier to act forcefully in one direction, even with a number of opponents. It also becomes easier to say controversial things and to make controversial decisions.

Hypocrisy also makes it easier to maintain the legitimacy of organizations, even when they are subjected to conflicting demands. There can be more parties that are at least moderately satisfied with the organization than there would be without hypocrisy. Without hypocrisy, one party or interest would be completely satisfied and all others completely dissatisfied. With hypocrisy, several parties and interests can be somewhat satisfied. Those who are against high custom rates on bananas may be dissatisfied that such rates exist, but they will be somewhat solaced by the fact that a decision has been made to reduce the rates. Those who want high custom rates may be concerned about the decision, but they can take solace in the fact that high rates are actually

charged. Neither party has their needs fully met, but neither is anyone left completely unsatisfied.

An organization that could not deal in hypocrisy would have a more difficult time working in a world of conflicts than will one that can. Similarly, it can be assumed that conflict situations are generally easier to accept if the response can be hypocritical. In a world without hypocrisy, strong dissatisfaction would probably be more common, suggesting that hypocrisy is a solution for those who want to promote happiness and social stability.

In the remainder of the chapter, I discuss more detailed aspects of talk, conflict, and hypocrisy. First I expand the theme of talk and decisions as output, which further explains why hypocrisy has an effect. Then I discuss conflict in a more detailed way, which will contribute to an understanding of the reasons why hypocrisy arises in organizations. In later sections I analyze the phenomenon of “meta-hypocrisy” as well as the stability of hypocrisy. Finally, I draw some normative conclusions.

### Talk as output – how hypocrisy works

As mentioned above, in order for hypocrisy to work, it is necessary that there are people who attach importance not only to what organizations do but also to what they say and the decisions they make. People find talk and decisions important for various reasons. Some people may think that talk and decisions are important in and of themselves. To perceive the ideas that organizations represent as important and to believe that it is important for organizations to speak of high morals even in the face of a harsh reality seems to be a highly respectable position. These “idealists” will be open to hypocrisy because they consider their interests and values to be at least partially satisfied through what is said and decided.

But perhaps more common in contemporary western culture is the opposite opinion: that organizations exist in order to achieve, and it is their actions that are really important. At first blush it appears that the “materialists” who hold this view should attach no importance to what is said and decided. But whether they actually do or not depends on which theory they embrace regarding the connection among talk, decision, and action. If they do not believe that such a connection exists, they will attach no importance to talk and decision. If they do believe there are connections among the three, however, the situation is different. If the materialists adhere to the tenets of traditional administrative and decision theories, which assume positive causal relationships among talk, decision and action, they will attach importance to what is said and done because they believe that talk and decisions in one direction will increase the likelihood of the corresponding action – their ultimate interest.

<sup>9</sup> Meyer and Rowan, 1977.

<sup>10</sup> Weick, 1976.

<sup>11</sup> N. Brunsson, 2002.

<sup>12</sup> Garne, 2001.

<sup>13</sup> Whitehouse News Release, 20020305-6.

Considering the pervasiveness of traditional theories, there is reason to believe that many materialists believe in them. They may be people within the organization who set goals or make decisions because they want the corresponding action to be achieved; or they may be people external to the organization who pay careful attention to goals, other statements, or decisions in order to predict future actions. All of these people pay attention to what is said and to what decisions are made and can, therefore, be influenced by hypocrisy.

For these materialists, the theory of hypocrisy will apply precisely because they do not believe in it. For the materialist who does not believe in traditional theory, but believes instead in the theory of hypocrisy, hypocrisy will not work. If everyone was a materialist and believed in the model of hypocrisy described here, this model would no longer be valid. Then people would attach importance to what was said and what was decided, but would fear that the talk and the decisions would actually prevent the corresponding action from being implemented. Thus actions could not be compensated for by talk and decisions, and the likelihood of a certain action would no longer increase if the opposite action was talked about and decided upon.

For example, for the materialistic environmentalist believing in traditional theory, talk and decisions about improving the environment are good things that somewhat compensate for the fact that there is current pollution; they are signs that the environment will improve in the future. For environmentalists who believe in the theory of hypocrisy, talk and decisions about improving the environment would be signs that future actions would have a negative impact on the environment. Such talk and decisions would therefore increase their dissatisfaction and alert their opposition. In this case, talk and decisions about being environmentally friendly would decrease the possibility of implementing environmentally disruptive actions, rather than the other way around. Hypocrisy for materialists is one example of the fact that certain effects are realized in a social system only when people believe in other effects.

### Ambiguity

A further complication can arise as a result of ambiguity as to the real nature of talk, decisions and actions. The hypocrisy model is based on the ability to distinguish among these three. It is common to make the distinction between words and deeds. To talk about something is usually seen as being quite different from doing it. In daily life, people usually have no problem distinguishing between talk and actions, even if the distinction easily becomes problematic from a more philosophical point of view.<sup>14</sup> This is one of many examples of a

<sup>14</sup> Austin, 1962.

tendency in our daily lives to solve a series of philosophical and theoretical problems that would be rendered difficult if we thought about them more closely. Sometimes, however, the distinction becomes difficult not only upon greater reflection but also in daily life.

There are organizations that have difficulty acting at all. They are "others" rather than actors<sup>15</sup>. Rather than acting themselves, they criticize actors, make rules for them, or give them advice. Organizational consultants, for instance, seem to produce only talk or "to deal in words"<sup>16</sup>. If there are no actions, there can, by definition, be no hypocrisy.

Talk and decisions generally reach wider audiences than actions do.<sup>17</sup> Few people have much knowledge about organizational actions, for actions are usually more private and not as easy to gain knowledge about as are talk and decisions. So many people may perceive talk and decision as being equivalent to action. Typically, only a relatively small number of people are affected by pollution, are direct customers of a company or work for it, or have customs imposed on them. Only those few people will actually be able to experience the action. The rest are spectators, who have no first hand knowledge of the action; at most, their "knowledge" is hearsay. One way of discovering the action is to listen to how it is described in organizational talk and decisions. If these descriptions have little competition from other descriptions, they easily form our ideas about the action.

In cases where the spectators and those who are directly affected by the actions have different interests, confusion of talk, decisions, and actions facilitates hypocrisy: Talk and decisions can be adapted to the interests of the spectators and action to the interests of those involved. In 1987, following harsh criticism, the Swedish government decided to prohibit the housing of hens in small cages, a practice considered reprehensible by animal rights activists but deemed to be the most economical by egg producers. The decision received a great deal of attention, and was described as an 80<sup>th</sup> birthday present for the famous author and pioneer animal right activist Astrid Lindgren. But because a subordinate governmental agency continually granted exceptions, the majority of Swedish hens still were living in their old cages when Ms. Lindgren died at the age of 95. If the people who support better treatment of hens are primarily spectators, and the people who have a financial interest in hens are those who actually affected by the action, then both interests can be satisfied in this manner. In such cases, it is in the interests of the organization to create and support the spectators' impression that talk and decisions are accurate

<sup>15</sup> Meyer, 1996.

<sup>16</sup> Czarniawska-Joerges, 1990.

<sup>17</sup> As already noted by Machiavelli (1513), ch. XVIII: "Everyone sees what you appear to be, few experience what you really are."

descriptions of actions. If they are successful, everyone is happy (except the hens, perhaps).

In other instances, an organization's talk and decisions can influence the image of its actions even for those who are directly affected by the latter. Those involved – customers, for example – often experience only a limited, specialized part of all the organization's actions. As for other organizational actions they, as much as anyone else, are spectators who are as readily influenced by the organization's description of its actions. Even if they are dissatisfied with the actions that affect them, it does not necessarily follow that they are dissatisfied with the actions of the organization in general. If their contact with the actions of the organization is infrequent, they may be convinced by the organization's talk and decisions that their own experience is exceptional.

For example, if one is rarely a patient within the health care system, it is possible to believe that one's experience of poor service is exceptional, particularly if the organization responsible for that care has set goals and made forceful decisions to become service-oriented. This exception is indeed negative, but it is difficult to use it to condemn all healthcare provided by the organization. It is, after all, hardly advisable to draw conclusions based solely on one's own limited experience. In this example, the organization could satisfy the interest in service by presenting itself as service-oriented and by making decisions to be service-oriented, while simultaneously satisfying financial interests by not having the staff or spending the funds necessary to offer that service in practice. In a state-financed healthcare system this would mean that the taxpayers would be reasonably satisfied with both the service offered and its cost.

### Conflicting demands – how hypocrisy arises

The fact that hypocrisy can have a functional value may lead one to suspect that it is sometimes used as a conscious strategy by certain actors in situations of conflicting demands – by managers, for example, or by others for whom the legitimacy of an organization is important. But organizational hypocrisy also arises without anyone having intended it. Hypocrisy is not merely an active answer to conflict; it also arises as a result of conflict.

The proponents of one demand within or outside an organization can actively attempt to prevent the fulfillment of other demands, because the realization of other demands decreases the likelihood that their demand is satisfied. A decision about a certain action can be the very impetus for the opponents to make active resistance that prevents the implementation of the action. Simultaneously, the decision tends to pacify those who favor the decided action and cause them to be less anxiously engaged in ensuring that the decision is actually implemented. The effect is a difference in decision and

action. For example, local resistance against a planned road tends to become strongest after the decision to build the road has been made. The decision awakens the opposition, which, if sufficiently strong, can prevent the implementation of the decision. The result is organizational hypocrisy.

Conflicting demands imply that there is always someone to question what the organization is doing. It is not unusual to set goals in areas where the organization is weak, in areas in which it has not succeeded in satisfying a certain interest through action. Such goals are, by definition, examples of hypocrisy, for they express what is not being done. For companies that create a great deal of pollution, it is more important than for others to have environmental goals. Setting goals can be called a conscious strategy that leads to hypocrisy but the goal setters may in fact intend eventually to abolish the differences among talk, decision, and action. In other words, the purpose is the opposite of hypocrisy.

Hypocrisy is one of many ways of handling conflicts among groups. The incentive and opportunity for hypocrisy diminish when there are other ways out. One way of handling conflicts is to let one view predominate. There can, for example, be rules that give the majority the right to enforce its view – a tenable solution if there is broad acceptance for the principle that determines predominance. Another solution is to compromise, to satisfy several points of view partially but none fully. A third solution is “logrolling” whereby group A supports an alternative that they do not like but that is preferred by group B – in exchange for group B's support for group A's favorite alternative in another issue. A fourth solution is to satisfy different interests at different times, i.e. what Cyert and March<sup>18</sup> called “sequential attention to goals.”

It is often implied in conflict theories that conflicts are associated with action and that the different parties will be satisfied only by actions. But these theories can be applied to talk and decisions as well. As long as people care about what is said and what is decided upon, their interests can be met through talk and decisions based on predominance, compromise, logrolling or sequential attention to goals.

But if talk and decisions are relevant, they also point to a further way of resolving conflict – namely to satisfy all interests simultaneously by either talk or decisions. As argued above, it is often easier and less expensive to satisfy conflicting demands with talk and decision-making than it is by actions, and it is possible even when the corresponding contradictory actions are impossible to carry out simultaneously. A parliamentary debate comprises a multitude of opinions, and most of the opinions on any given issue are usually dealt with in this manner. Similarly, it is possible to make decisions that represent conflicting opinions. So inconsistent talk and decisions can, therefore, satisfy

<sup>18</sup> Cyert and March, 1963.

conflicting demands; they are instances of double talk, but they are not, in themselves, instances of hypocrisy. But in an organization that does not merely talk but also acts, contradictory talk and decisions will tend to lead to some hypocrisy, because it is difficult to act according to all talk and decisions if these are contradictory.

The probability of hypocrisy is increased when the other ways of handling conflicts do not work. The option to choose to satisfy only one demand can be nullified by the fact that acceptance of the principle of dominance is low because, for example, it is not seen as acceptable that the majority win out over the minority. Logrolling is difficult to use when people are not willing to give up their positions completely in certain issues. Compromise in talk and in decision-making is often relatively easy to achieve, but compromise is more difficult to achieve in action, in particular when some people are demanding that the organization should act in a certain way and others are demanding that it should not. Sequential attention to goals does not impress parties with short time horizons for their demands. Also, sequential attention to goals can counteract demands on efficiency: it can lead to a great deal of inefficiency if things are done that counteract some earlier action. Finally, handling conflicts merely by talking and making decisions is difficult if everyone agrees that the organization should produce some action.

### Conflict over time

Conflicts may occur across time, so different demands are made on the organization at different times. Sometimes such demands change more rapidly than the organization is able to act. If we want action, such demands can be handled only if we allow for hypocrisy: the organization adapts its talk and decisions quickly enough to reflect new demands, but not slowly enough to reflect its actions.

Fashions provide one example of quickly changing demands. When fashions change more rapidly than the organization is able to act, hypocrisy will easily arise. For example, the fashions concerning management techniques seem often to change more quickly than the time it takes to implement these techniques. In such situations, it is impossible to act according to the model currently in fashion. But it is easier to adapt talk and decisions at a pace that keeps abreast of fashion changes. Talk and decisions can then be adapted to the fashion, but only on the condition that they need not reflect action – i.e. under conditions of hypocrisy. The organization is left to work according to an old model, while always being seen to have made the decision to implement the latest fashion. It would not be meaningful to implement the new fashions because they would be obsolete before the implementation process was complete. An organization that was not allowed to be hypocritical and

had to adapt what it said and what was decided to what it actually does would appear hopelessly old-fashioned (unless it succeeded in divining some future fashion and adopted it just before it actually became fashionable). And needless to say there are other fashions and other demands on an organization that can change quickly over time, giving rise to a similar situation and to hypocrisy.

### What can be said and what can be done

A further factor that leads to hypocrisy is the tension between ideology and practice. Talk and decisions follow rules for what can be said, actions follow rules for what can be done, and we cannot expect that these rules will always be consistent. There are things that we can say but not do, and there are other things that we can do but not say.<sup>19</sup> This situation easily leads to hypocrisy.

First, let's consider the fact that there are many things we can say but are difficult to translate into action for a variety of reasons. Talk and decisions are often less expensive than actions. Even when the decision is easy, we may not have sufficient knowledge, resources, time or power to implement an action. And it is easy to talk and to make decisions that are contradictory, but to act in a conflicting manner demands greater resources and is the opposite of effective. It is not difficult to speak well of both profitability and a good working environment, or to decide to increase government subsidies to families with children and to senior citizens. But to implement all the corresponding actions tends to be a harder task.

Nor is it guaranteed that the actions about which people talk and decide are at all possible to implement. Good ideas are the easiest ones to agree upon, but what people think are good ideas are often those that express what is beautiful, true, and just rather than what is realistic, pragmatic, and feasible. And people may talk about or decide to both to act and not to act in a certain way, but to implement such talk and decisions is impossible.

There are also things that we can do but not say. What one can say is often limited more stringently than what one can do by rules relating to aesthetics, ethics, and truth, by perceptions of how things should be and how things are. People may perform immoral acts without much difficulty, but it is more difficult to acknowledge such actions. It is even more difficult to proclaim one's own decision to be immoral – to state, in effect, that one wants to be immoral.

Similarly, when we talk about something, we often need to refer to that which our audience believes to be true in order for us to sound credible or even to be understood. But what one believes to be true can have but a tenuous tie to what one does. The official truth about institutions can deviate sub-

<sup>19</sup> N. Brunsson, 1995.

stantially from the ways in which these institutions actually operate.<sup>20</sup> For example, the truth about organizations is very closely tied to the concept of rationality. Most management teams, therefore, present their organizations as rational systems in which the actions of the organization are the product of rational deliberations. Furthermore, it is difficult to decide that the organization should not be rational. If we are to believe four decades of research on organizations, however, the operation of most organizations is far from being characterized by fully rational behavior. Thus organizations can talk about rationality and decide to become more rational without this actually affecting its actions. Decisions to implement rational control systems often fail.<sup>21</sup>

Hypocrisy is a way of handling situations when what is said cannot be done and when what is done cannot be talked about. Hypocrisy means that we can continue to talk about things that can be talked about and do things that can be done. What can be said is not limited by what can be done, and vice versa.

### Meta-hypocrisy

As argued above, the idea that talk, decisions and actions should be consistent is not merely a common assumption but also a widespread norm in society for those who are seen as actors: neither individuals nor organizations should engage in hypocrisy. What they say, what they decide and what they do should be in agreement. If actors can be proven to be hypocrites, they can be censured according to this norm.

In a worst-case scenario, the criticism could not only censure them but also discredit them as actors. An organization can, for example, be accused of not really being a coordinated unit. Its hypocrisy is taken as proof that the organization is not actually one actor, but consists of many independent and uncoordinated individuals or departments each being an actor on its own.

It is not only morale and belief in actorhood that are jeopardized by allegations that a person or organization is hypocritical, but also the actual results of hypocrisy. If people do not believe that an organization is one actor, faith is undermined in the positive causal relations among what is said, decided, and done. If talk, decisions and actions are perceived as being performed by different actors, the expectation for consistency is not as strong as when one actor is in charge of all three steps. So there is a risk that "materialists" with this belief will not pay attention to talk and decisions. Also, as mentioned previously, hypocrisy works for the materialists only if they do not believe in hypocrisy. It is, therefore, important to convince materialists that the organization is one

actor and that there is no hypocrisy – that the only function of talk and decisions is to create the corresponding action. Doing that is in itself a form of hypocrisy, but on a higher level – a "meta-hypocrisy" – the posture that a hypocritical organization is not a hypocrite. Meta-hypocrisy is a crucial factor in the success of the underlying hypocrisy. The more important as independent outputs are talk and decisions, the more important it is to emphasize that the only important thing is what is actually done, and that talk and decisions are only preparatory to action.

Meta-hypocrisy can be understood in a way similar to the basic hypocrisy. The norm that makes hypocrisy unacceptable is another demand on individuals and on organizations that is above and beyond all other demands placed on them. If the other demands are contradictory, sometimes the only solution is hypocrisy. The demand that one should not be a hypocrite is contradictory to the sum of the other demands: one should not be hypocritical plus one should be hypocritical. This contradictory demand can be met with hypocrisy in the same way that hypocrisy is used to meet other contradictory demands, but it raises hypocrisy to the level of meta-hypocrisy: one continues to be a hypocrite but one claims that one is not. The organization is presented as being consistent with regards to what is said, decided, and done, but in practice this is not always the case.

The less consistency there is in talk, decision, and action, the more likely it is that there will be an accusation of hypocrisy, and the more important it is to assert that there is no hypocrisy. This situation leads to forceful attempts to describe the organization as one coherent actor in which the visions of management are indeed not merely talk but permeate all actions, where actions are fundamental, and where talk and decisions have as their sole purpose to create action. In my experience, this type of description is not uncommon when companies are described by their managements.

Just as in the case of the basic form of hypocrisy, a time aspect can be applied to meta-hypocrisy. This is especially important when it is difficult to assert that the past and present are not characterized by hypocrisy. The argument then becomes that talk, decisions and actions will be connected in an organization in the long term, even if this has not been successful in the past. The organization will be changed so that it comes more in line with the actor concept, with greater coherence and control. That is the theme in much organizational reform.<sup>22</sup>

<sup>20</sup> Arnold, 1937.

<sup>21</sup> Wildavsky, 1975; Rombach, 1991; Holmblad Brunsson, 2002.

<sup>22</sup> N. Brunsson and Sahlin-Andersson, 2000.

## Stable and unstable hypocrisy

Hypocrisy may be a more or less stable phenomenon – it may persist or it may disappear over time. The stability of hypocrisy is threatened by tendencies towards implementation, tendencies towards justification, and by the norm of consistency.

### Implementation

Hypocrisy tends to create much future. In several of the examples above, there was talk of the future and decisions about it, often a quite distant future. By adding a time dimension, it becomes easier to create tolerance for the discrepancies among talk, decisions, and actions. Time creates order among what is said, decided, and done – an order we recognize. The traditional concept that talk and decisions increase the likelihood of a certain action implies a time dimension – the time between cause and effect – even if this time is usually thought to be shorter than the five to fifteen years in some of the examples above. This perception of time creates the hope that what is done will one day be consistent with what is said and the decisions that are made – that there will finally be implementation.

The question is, of course, what happens when the future becomes the present? Is it possible to maintain the discrepancy between the decision and the action or will we be forced to finally act in accordance with the decision? Is hypocrisy unstable in the long run as a result of implementation?

Traditional assumptions lead us to expect instability. Talk and decisions should, at least in the long run, lead to consistent actions. Goals are eventually met. Talk and decisions govern our actions, even if it takes time. In the long run, we practice what we preach. If we do not like hypocrisy, or if we think that what the actor says and decides is more appealing than how the actor acts, this is an optimistic assumption. Morally superior talk and decisions can, for example, be seen as a preparatory stage to similarly virtuous actions.<sup>23</sup>

Hypocrisy can be unstable in this way. Even in a distant future people may refer to the decisions made long ago and demand that they should be implemented, and this could force belated implementation. Thus the decision is, in the long run, matched by the corresponding action.

In many contexts, however, old decisions are not implemented, and hypocrisy is stable. In a distant future, it is likely that most people will think that the situation has changed too much for the old decisions to be tenable, and that the whole situation must be reevaluated in its current context. A combination of long-term planning by the decision-makers and faith in rapid change with

those making demands contributes to the irrelevancy of the decisions at the time when they should be implemented. Thus the old decisions have no effect on the current demands, and there is a low probability of implementation.

Decisions can also lose their importance by being forgotten, probably not an un-common scenario. It happens even in parliaments, where decision-making is the very task of the organization, where decisions are recorded carefully, and where different parties exist, some of which have a vested interest in reminding everyone of the decision once made.<sup>24</sup>

If the new situation involves continued conflicting demands, it is not unlikely that any possible reminders of previous decisions will lead to renewed hypocrisy. The response may be a new decision to actually implement a previous decision. Olson<sup>25</sup> showed how a city responded to concurrent demands for a balanced economy and for increased resources to meet urgent needs by deciding on a strict budget, while actually allowing expenditure to increase. When complaints about the economy were filed, new, even more forceful and restrictive decisions were made about the budget. In practice, however, expenditures continued to increase. This pattern was repeated for several years.

One example of long-term memory where the result was continued hypocrisy is the issue of nuclear power in Sweden. In a 1980 referendum, Swedes voted on whether or not to allow nuclear power in the country. The alternative to increase Swedish nuclear power capacity to the largest per capita in the world turned out to be the winning one. The propaganda for this decision alternative stated that nuclear power would be abolished in 25 years. Interpreted according to the hypocrisy model, the prerequisite to gaining support for the expansion was to make the opposite decision: to dismantle. It may seem that 25 years is a safe distance, but yet, 20 years later there were people who asserted that the old decision should be respected and that the implementation should now begin. The counter arguments made some impression: that many of those who were once part of the majority were now deceased, and that no-one now under the age of 38 had been allowed to vote. And the issue was no longer as well discussed or as controversial as it had been 20 years earlier. The result was that the state forced the shut down of one small, privately owned nuclear power plant (about 6 % of the total national capacity) and once again decided that all nuclear power plants must be shut down in the future. (However, this time there was no time limit imposed; it was just decided that viable alternative energy sources had to become available first.) At the same time, other old, larger plants were thoroughly renovated in order to secure continued long-time production. On the whole, the old strategy was repeated.

<sup>23</sup> March, 1978.

<sup>24</sup> K. Brunsson, 1994; 1998.

<sup>25</sup> Olson, 1996.

It is also possible to react to reminders of prior decisions by implementing the corresponding action, while at the same time talking and making decisions that are contrary to it. Hypocrisy is still used but with new contents in decisions and actions in a zigzagging type of motion. One set of inconsistencies among talk, decision, and action is simply replaced by another. If the city of Stockholm would have to implement its old decision and actually reduce city traffic, it would help to make a new decision of increased availability to the city by car in 15 years.

### Justification

Implementation de-stabilizes hypocrisy by actions being adapted to previous talk and decisions. But hypocrisy may also be de-stabilized by justification: by adapting talk and decisions to the action that has been carried out. Although an action differs from talk and decisions that preceded it, it can be defended and decided upon in hindsight.

Justification may be an effect of positively endogenous preferences: the fact that something has been done makes us like it.<sup>26</sup> Then it is not prior decisions that affect which demands are made on an organization, as discussed above; instead demands are formed by previous action. Action influences demands in a positive direction so that they become concurrent with the implemented action, reducing or abolishing conflict. There is no longer need for hypocrisy. Even if at the outset we have talked and decided differently than we acted, we can now begin to talk and decide as we have just acted. In accordance with traditional decision theory talk, decisions, and actions become consistent, but in contrast to this theory consistency is achieved by talk and decisions being adapted to action instead of the other way round. We are not practicing what we preached but we are preaching what we practiced. Hypocrisy has facilitated actions that reduce the need for further hypocrisy.

### The norm of consistency

Another threat to the stability of hypocrisy is the norm of consistency – the norm that actors should not be hypocrites. There is always the risk that hypocrisy will be discovered, thought to be a major sin, and sanctioned. That danger creates a certain incentive for the hypocritical organization finally to adapt its actions to what has been decided or talked about, or vice versa.

However, the attention needed to discover hypocrisy is a scarce resource. As mentioned, it is easy to forget what was once said and what was once

decided upon, and it is not always easy for one individual to know about all talk, decisions, and actions of an organization. This is especially true if no one is interested in monitoring organizational behavior. Sometimes the media function as monitors. It is a classic story for the press to report on inconsistencies and to do so with negative overtones, contributing to the de-stabilization of hypocrisy.

Once hypocrisy has been discovered, its stability is dependent on the extent to which it is tolerated and sanctioned. If there is a superordinate hierarchical level that can sanction hypocrisy, instability increases. Sometimes a court system with the power to demand that certain decisions (contracts, for instance) produce corresponding action, effectively ends hypocrisy or attempts at hypocrisy. Krasner<sup>27</sup> showed how nation states have long demonstrated hypocrisy by claiming to have strong “Westphalian sovereignty”, which, in practice, they have often acted against. Krasner argued that the lack of a higher level supra-state, the lack of a world state, has contributed to the fact that hypocrisy regarding sovereignty has been ongoing for centuries. No-one has had the power to punish the hypocrites. Similarly, Machiavelli<sup>28</sup> argued that the actions of the sovereigns – who were not under any court – were particularly unlikely to be judged by their consistency with the sovereigns’ talk.

Without superordinate hierarchical levels, there are varying degrees of intolerance and tolerance; tolerance varies somewhat for various organizations and for various outside parties.

In general, because the norm of consistency is a norm for actors, tolerance of hypocrisy is lower the more the organization is seen across space and time to be an actor. The tolerance of hypocrisy can be assumed to be very weak for a corporate management team that presents itself as unified, supreme, and with the power to micro-manage its subordinates: then the company really seems to be one actor. Hypocrisy in this case seems to be intentional. The tolerance for hypocrisy can be assumed to be higher for a state that is led by a minority government with weak control instruments. Such a state seems more like an arena for different interests, and it does not seem reasonable to expect that much consistency. Instead, the tolerance for hypocrisy is lower for those who are perceived as the real actors on the arena, politicians or political parties for example.

In a similar fashion, the perception of whether we are dealing with one actor or many over time can influence the tolerance of hypocrisy. If the state had changed its administration, we would be more tolerant of inconsistency because we would not expect the new government to always act in accordance with decisions made by the old one: we tend to think that a new actor has

<sup>26</sup> March, 1978.

<sup>27</sup> Krasner, 1999.

<sup>28</sup> Machiavelli, 1513, ch. XVIII.

been created, and interpret what has happened as an inconsistency between actors rather than the hypocrisy of one actor.

On the other hand, if tolerance of hypocrisy is high because there are doubts as to whether the organization is really an actor, the organization does not have much use of it. As argued above, it is the presumed actorhood of an organization that makes hypocrisy work for materialists. If they do not believe that it is one and the same actor that talks, makes decisions, and acts, they have little reason to expect consistency and therefore little reason to pay attention to talk and decisions.

Tolerance for hypocrisy also varies among those setting demands for organizations. Most of these people or groups are interested in specific talk, decisions, and actions, not merely in upholding the norm of non-hypocrisy. The general, normative demand that the organization should not be hypocritical is not always strong compared to the more concrete demands about the ways in which the organization handles specific issues: the more concrete demands are often those likely to win out. Those who believe that their concrete demands are being met are less likely to care whether the organization is being hypocritical or not; whereas those who believe that their demands are not being met will accuse the organization of hypocrisy. For instance, those who hope for a certain action are likely to be pleased with this action regardless of whether hypocrisy is involved or not.

Therefore, we can expect that the total tolerance for hypocrisy is lowest when the specific contents of talk, decision, and action are of least interest. At that point, there is no one prepared to accept hypocrisy merely because it happens to favor a concrete issue of their personal interest. The huge scandals, during which many people question the actors' methods and honor, will be those concerned with talk, decisions and actions that no-one really cares about. This mechanism would explain the otherwise surprising fact that a politician who is a hypocrite in private life is often condemned by more people than is a politician who is hypocritical in seemingly more important matters that actually concern outsiders. The unusual demand to impeach former US President Clinton occurred when he lied about his personal relationships, not when he facilitated trade with communist China while talking about the importance of defending human rights in that country. In Swedish politics, the government's nuclear power policy has not led to any ministerial resignations, but Swedish ministers have lost office when they have been accused of not practicing what they preached in their private lives: for instance when they have been involved in (legal) tax planning or bought the wrong kind of private apartment. It is safer to be a hypocrite about things that are perceived to be important than to be one about things that are perceived to be unimportant.

## Evaluating hypocrisy

The word "hypocrisy" has a negative ring. It is easy to condemn it quickly as both immoral and problematic. But upon closer inspection, hypocrisy does not appear to reside so clearly on the dark side.

Hypocrisy creates opportunities. It facilitates action in conflict situations. Certain actions would not be possible if contrary talk and decisions were not possible. But hypocrisy also makes talk and decisions possible. It would be impossible to talk or to make decisions about certain things if the contrary action was not simultaneously possible. Hypocrisy offers a high degree of freedom. Instead of talk, decisions, and actions governing each other in one set direction, there are two possible directions. Individuals or organizations are not forced to talk and make decisions that always correspond to actions, and they are not forced to act as they talk and decide. It makes other talk, decisions, and actions possible than if the three should have to be consistent.

Whether this increased freedom is positive or negative is open to debate. I have argued that hypocrisy can be seen not only as a problem but as a solution. It has been argued that it is hypocrisy that sustains established social institutions.<sup>29</sup> And the hypocrisy option improves the likelihood of legitimacy for organizations that work in environments of conflict. Also, if an organization that was subject to contradictory demands, talked, made decisions, and acted in accordance with one of these demands only, the other demands would remain unsatisfied. Those who thought that those demands were legitimate would probably not think that this was a favorable outcome.

Hypocrisy seems to be more problematic when organizations are to be controlled from the outside and from the top down. It is in conflict with the standard formal construction of organizations according to which people at the top of the organizational hierarchy have the right to exercise power and that they do so by making decisions that should then be implemented in action. People choose political organs that have the task of deciding what the government should do. Shareholders choose a general meeting that in turn chooses a board of directors that has as its task to run the company through the decisions it makes. Potential conflicts are to be dealt with in the decision-making process only. In such a structure, hypocrisy clearly seems to be a problem.

Thus, the existence of hypocrisy poses a difficulty for all those who want to influence the actions of an organization via its formal decision-making system, whether they are decision-makers or internal or external lobbyists. If there is no risk for hypocrisy, lobbyists can work through talk and decisions. They can attempt to induce organizations to talk in accordance with the action that they wish to see implemented and they can attempt to convince them to make decisions to that effect, thereby increasing the likelihood of the

<sup>29</sup> Shklar, 1984.

desired action actually taking place. If, however, there is a risk of hypocrisy, such attempts can become counter-productive. If the lobbyists succeed in convincing the decision-makers to make the right decision, there is a risk that they will lose the chance of seeing the desired action actually carried out. For example, it is uncertain whether those who desire that city traffic be decreased should actually work for a decision to decrease traffic, or if they should frenetically try to counteract such a decision, and perhaps work for the opposite decision. Awareness of the chance or risk of hypocrisy is an important insight both for external lobbying groups and those who want to influence the actions of their own organizations.

The relationship between hypocrisy and morality is an ambiguous one. Hypocrisy can be seen as morally wrong. But a complete lack of hypocrisy has also been defined as fanaticism, as too a strong commitment to one's values.<sup>30</sup> And, just like sin, hypocrisy can even be seen as a prerequisite for sound morals. If we do not allow ourselves to possess and propagate higher values than those portrayed by our actions – if we do not allow for sin and hypocrisy – then we run the risk of not having very high morals at all.<sup>31</sup> Hypocrisy makes it possible to talk and to make decisions about high values, even for those who do not act in accordance with these values. If only the few who act in accordance with high values are allowed to support them, substantially fewer people can express their support. Hypocrisy can be seen as “a tribute that vice pays to virtue”.<sup>32</sup> Morality does not necessarily gain from the cessation of hypocrisy. If we have previously talked and made decisions that were more moral than our actions, then the cessation of hypocrisy means that we are now talking and making decisions that are as immoral as our actions.

For example, hypocrisy makes it possible for a company with a polluting production and product (a car producer, for instance) to establish environmental plans and to decide upon environmental goals. Without hypocrisy, it would admit that its operations were environmentally hazardous, that it planned to continue these operations, and it would have to defend them as being necessary and unavoidable. Then many people would probably think that the company polluted not only the physical environment but the moral environment as well.

Hypocrisy relating to moral issues can be perceived to be better than justification in situations in which we have higher values than we can live by. If we are to have high values, hypocrisy seems to be as unavoidable as is sin. But it is commonly held that we should not *strive for* hypocrisy or sin. That is a maxim by which we can try to live our own lives. But when we are observers of others, it is often difficult to judge what is intended and what is result.

<sup>30</sup> Newman, 1986.

<sup>31</sup> Matt. 5:17–48.

<sup>32</sup> “L’hypocrisie est un hommage que le vice rend à la vertu” (La Rochefoucauld, 1665:218).

## KNOWLEDGE MANAGEMENT AS TECHNOLOGY: MAKING KNOWLEDGE MANAGEABLE

# 10.

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Knowledge and technology are celebrated as the twin sources of competitive advantage in modern economies. To make knowledge and technology available to deliberate organizational action – to turn these sources into organizational resources – is a current task for every manager, from the project level to the top of the corporation. But what are these resources that managers attempt to mobilize? And how are they rendered manageable? In this chapter we ponder these questions in an attempt to understand the phenomenon of knowledge management in modern organizations.

To begin, let us clarify our use of the central concepts: knowledge, technology, and management. In some ways, technology and knowledge are conceptually similar. We can probably claim, without incurring controversy, that technology is a form of knowledge. Recall that “logos” in Greek philosophy was “the divine reason implicit in and governing the cosmos.”<sup>1</sup> In present times, the suffix “logy” denotes knowledge about a specific domain of cosmos – which, in the case of technology, is “tekhne” or the art and craft of *producing* something. We may think of technology as the body of knowledge that underlies the systematic application of tools and skills “according to a pragmatic instrumental rationality.”<sup>2</sup>

It is probably slightly more controversial to posit that knowledge is a form of technology, for it could suggest that knowledge is crafted and produced – by managers or researchers, as the case may be. We don’t mean to stir up a paradigmatic war; we merely observe that there are many things organizations

<sup>1</sup> Cassel’s Dictionary, 1995.

<sup>2</sup> Flyvbjerg, this volume.