

# Kapittel 4. Management as a System of Knowledge and Authority<sup>1</sup>

## Introduction

It is frequently demonstrated how difficult it may be to generalize about what kind of knowledge managers actually need, how managers' knowledge backgrounds matter in practice and how managers deal with their knowledge environments. The education and training background of top executives vary considerably across industrial sectors and nation-states. Cross-national explorations into the relationship between management and knowledge, then, may be a way to improve our understanding of these issues. How is it that managers with very different professional backgrounds are still able to deal with similar problems in a relatively efficient way? I suggest that this is because the management activity is embedded in historically shaped institutional and conceptual frameworks. Managerial strategies and organizational forms always emerge within particular knowledge and authority contexts, and these processes of formation have to be taken into account when we want to understand the logics of contemporary systems. In this article I will introduce a knowledge/authority perspective on management. Such a perspective provides concepts that are useful when trying to explain variations in composition of management elites and organization structures. I will develop two ideal-typical models based on the history of management systems in the USA and Germany, and on the basis of these models present some hypotheses about how the structuring of managerial activities relates to knowledge contexts. My first task, however, is to present some reasons as to why it is necessary to go beyond a perspective that sees management either as a profession or a science.

## The Need for a new Perspective on Management Knowledge

Recent literature has tended to focus on the critical role of knowledge in business management. Peter Drucker was one of the first to emphasize how the function of the manager "above all others is his educational one" and that every "knowledge worker is an executive" (Drucker, 1954:350; 1968:199). Drucker has also been in the forefront of the present trend towards framing the managerial and economic function as a pre-eminently knowledge based activity. In his book *Post-Capitalist Society* Drucker talks about a managerial revolution taking place in the post-war era and that knowledge is now increasingly being applied to knowledge itself. The purpose of management in

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this era is "supplying knowledge to find out how existing knowledge can best be applied to produce results" (Drucker, 1993:42). Other authors similarly emphasize knowledge, but put more emphasis on the role of knowledge creation, intelligence and skills formation processes in the firm and in the nation-state (Koike and Inoki, 1990; Quinn 1992; Nonaka and Takeuchi, 1995). If these authors are only partially right in their claims about the critical relationship between knowledge management, management knowledge and economic performance, then it will be worth studying in a more systematic way how managers have been shaped by their involvement in the creation, processing and dissemination of knowledge. It is of interest to find out in what way industrializing elites were influenced by the emerging academic disciplines and how the general conception of knowledge may have influenced the institutionalization of the management function and the conception of management.

Before developing this argument further I will now discuss how the present 'knowledge-matters' trend differs from traditional ways of understanding management knowledge. The major difference is that it is not as optimistic about the prospects for developing a management profession. The scientific-management, human relations and the structural analysis movements in management, in contrast, wanted to develop management into a profession and a science. The quibble between the most eager proponents of these paradigms was more about the content of this scientific profession than about whether it was possible to develop it (Guillèn, 1994).

The highest degree of optimism was reached in the early post-war era when the human relations movement approached its greatest influence by launching the *general management* conception of management. This very influential concept of management was constructed by innovative business practitioners and consultants such as Alfred Sloan, Chester Barnard and Peter Drucker (Barnard, 1938; Drucker, 1946, 1954; Sloan, 1963). Talcott Parsons and a whole group of intellectuals associated with sociology brought the well-known progressive theme of 'uplift and efficiency' to its apogee by arguing that it was necessary to professionalize management in order to provide business with a moral purpose distinctly different from plain commercialism. If "business education could be made a true professional education", Parsons argued, "it would be a very large step in the integration of our civilization" (Parsons, 1937:369; Haber 1964; Halvorsen, 1992).

This program for building a professional business education has been enormously successful. It is also a more modern phenomenon than often thought, as noted by Locke in his recent book. American business education was basically pre-experience undergraduate education before the

Second World War. The era of the MBA began with approximately 5000 MBA students in 1960, and 50 000 in 1970, whereas some 200 000 are studying for the degree today (Locke, 1989:162; Locke, 1996:28). Similarly there has been a consistent increase in this kind of education in Europe. It appears nonetheless to be the case that the project of making management into a distinct science-based and autonomous profession has been a failure. It is for this reason that contemporary American authors such as Robert Locke and William Scott have announced the "collapse in leadership morality", "exhaustion of managerialism" and even the "collapse of the American management mystique" (Scott and Hart, 1991: 46; Scott, 1992; Locke,1996). The reason for this professional failure may either be attributed to the education system, the nature of the system of management knowledge itself or the particular way the management function has been institutionalized within the American system of corporate governance.

The first kind of argument is presented by Enteman who claims that American managerialism has been a failure because, "as management education grew, it increasingly divorced itself from its humanist background and pretended to be applied economics" (Enteman, 1993:168). The problem with this argument is that it may be too narrowly centered around education. Richard Whitley, on the other hand, has consistently argued that management knowledge is a multidisciplinary field of knowledge, much more context-dependent than other so-called 'sciences', and that it therefore cannot be professionalized (Whitley, 1988, 1989, 1995). Peter Drucker similarly has argued that management cannot be a science in the way the English and Americans use the word. By using the title *The Practice of Management* for his classical book of 1954, he signaled his disagreement with a tradition reaching from Taylor's *The Principles of Scientific Management* (Taylor, 1911). In *Management* he similarly argued that the movement for management science had been a disappointment and that "few managers pay much attention to it". Drucker wanted to approach management as a liberal art or more in accordance with the German term *Geisteswissenschaft*. He criticized the proponents of science for putting too much emphasis on efficiency and centering on "where can I be applying my beautiful gimmick" (Drucker, 1974: 508; Drucker, 1986:227).

From a political-institutionalist perspective Neil Fligstein has argued that it is the particular governance structure within American industry that accounts for the way the idea of efficiency and the conception of managerial control has been constructed in American business. Anti-trust politics and the political-cultural forces relating to industrial governance are the major driving forces in Fligstein's history, and this is in explicit disagreement with Chandler's history of American

management as a universal and efficiency-driven force for progress and rationality (Chandler, 1977, 1990; Fligstein, 1990).

There is, of course, a difference between saying that management cannot be a profession and making the claim that professions and professional knowledge configurations do not matter. If conceptions of control within specific fields of management action are political-cultural constructions, then these conceptions must come from somewhere. The question, then, is how professional constellations influence how managers perceive their problems, what expertise they use, how they talk about the world around them and how they defend their actions. The management function may be a contested terrain which no single academic or educational elite may seriously aim at acquiring control over, but it may nonetheless be possible to locate critical groups in knowledge production and the dissemination of myths and organizational models. Indeed, the professions may still be the "primary engine in the history of organizational paradigms" (Guillèn, 1994:90). But it is difficult to clarify exactly how since professional struggles and configurations relating to management most likely have not developed according to the same logic in each management system.

It is more realistic, then, to assume that the outcome as related to the selection of management elites and organizational forms will follow a divergent rather than a convergent trend across social systems. Knowledge formation systems may differ according to similar logic as pointed out elsewhere for employment systems. It is, however, necessary to go beyond a perspective that focuses on management as a profession or as a science in order to grasp such logics (Fligstein and Byrkjeflot, 1996).

The recent literature on knowledge and management presents some conjectures that might help us to go in this direction. First, it is now argued that in particular the various work-groups involved in conversion processes between tacit and explicit knowledge are of critical importance (Nonaka and Takeuchi, 1995). Second, it is argued that managers as well as value-creation processes within companies have to be studied as part of national skills formation systems (Koike and Inoki, 1990).<sup>2</sup> Third, it is also necessary to take into account the increasing impact of various groups in knowledge-

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<sup>2</sup> A note about the use of the term *skill formation*. This builds on the realization that there are at least three alternative forms of training and education within a society. The three types are (1) formal schooling; (2) organized training on the job with or without external involvement; and (3) on the job training. The mixture of these three types of skill formation in different societies varies and is an important cultural as well as economic factor. The Japanese conception of knowledge supposedly transcends this dichotomy between training and education. It may, then, be more accurate to talk about knowledge formation, not skills formation (Koike and Inoki 1990; Nonaka and Takeuchi, 1995).

processing functions such as professions, educational institutions, consultants, publishers and mass media. These actors are participants in discourses about progress and rationality and are continually reshaping the configuration of management cultures and fashion setting practices (Abrahamson, 1996; Furusten, 1995; Engwall, 1996).<sup>3</sup>

A rich literature on the institutional, economic and cultural constraints on management practice has emerged (Maurice *et al.*, 1986; Lane, 1989, 1995; Hofstede, 1991; Whitley, 1992). Most of these studies still under-estimate the importance of knowledge formation systems in structuring management systems, however. In this chapter, therefore, I want to argue that it is necessary to develop a perspective that both takes into account the autonomous role of knowledge structures and authority structures in shaping management practices. It is just as important to look at trust relationships as power constellations. Management doctrines are not simply the way powerful groups manipulate their subordinates and legitimate their predominant positions; such doctrines may also represent an implicit agreement about a status hierarchy and appropriate divisions of labor among social groups in society at a given stage in history. Since management cannot be a profession in itself we need to study the logic of the field of knowledge formation in which it operates. It is of particular interest to uncover how authoritative management knowledge gets institutionalized in models for organizing and how particular institutional frameworks and elites are developed to support existing arrangements.

### A Knowledge/Authority Perspective on Management

Both within modernized countries as well as within traditional cultures we find that leaders are recruited from knowledge types which bear no direct correspondence to the content of their work, but can only be understood within the field of knowledge and authority that accounts for their rise and staying power. This goes, for example, for the dominant position of the 'literary intelligence' in the case of Britain, as well as the classical mandarins of China. One may also argue that the new MBA elite attached to the *general management* function in American companies may be a modern version of these mandarins. How is it possible for business elites to legitimate their positions on the basis of such widely differing kinds of educational backgrounds and skills? Below are presented four inter-related perspectives on this phenomenon.

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<sup>3</sup> Norms of rationality are societal expectations that managers will use management techniques that are the most efficient means to important ends. Norms of managerial progress are social expectations that, over time, managers will use new and improved management techniques (Abrahamson, 1996:257).

1. My first focus is on the various processes that lead business elites to adopt mental maps and develop particular conceptions of control, such as *general management*, in the first place. I suggest that it matters when and how the actual elite emerged and rose to a predominant position and whether the humanistic or the scientific culture was predominant historically.
2. Gradually the field of knowledge relating to management got more diversified, developing from two into at least four management-relevant cultures. How did these cultures relate to each other and how did they get 'locked' into hierarchical and horizontal relationships? How did contrasting philosophical traditions relating to the theory/practice gap make their impact on the hierarchical ordering and internal structuration of fields of knowledge?
3. *Spaces of qualification* vary across nations and sectors. These are historically constituted ways of using educational systems and skills formation practices to legitimate divisions of labor and particularly the relationship between leadership and administration in work organizations.
4. Authority structures. In this chapter I am particularly interested in how knowledge is transformed into authoritative knowledge: that is, how it is used as a basis for legitimate claims on authority. The assumption is that the notion of leadership and management itself depends on how knowledge has been used to legitimate power arrangements and what kind of elites and institutions have been developed to support these arrangements.

### Emerging Industrial Elites and their Position in Fields of Knowledge

Industry at the beginning of this century was dominated by status groups and combinations of knowledge and authority different from those common today. Contemporary knowledge-milieus, such as engineering and business administration, existed only in embryo form then. Educational institutions were either built to maintain the traditional status structure in society or as an attempt to change these structures by the new middle classes and subordinate state elites. The degree to which the traditional structures were preserved differed from case to case, but there are few examples of a total restructuring of the classical hierarchical relationships among knowledge elites. The extent to which there has been a circulation of elites in top management and ownership positions in industry, and how their educational backgrounds varied will also depend on how the national field of intellectuals was originally structured.

One important consideration, then, is the way various societies have institutionalized the classical conflict between the humanities and the sciences (Snow, 1961). This may be illustrated by referring to the research by Fritz Ringer. In *The Decline of the German Mandarins* he analyzed how the

dominant German humanistic intellectual culture was shattered by the conflict between the traditional state bureaucracy and the modern economy. By 'mandarins' Ringer simply means the new social and cultural elite which owes its status primarily to educational qualifications rather than to hereditary rights or wealth (Ringer, 1969:5). These mandarins earned a central position in Germany due to its late industrialization and the possibilities for creating a strong movement for 'catching up' with early industrializers such as Great Britain. One of the most important aims of such movements was to develop educational institutions and research institutes. It was the mixture between this movement and the mandarin tradition that created the particular German managerial culture.

The central element of mandarin ideology was expressed in the notion of *Bildung* (cultivation).<sup>4</sup> Learning was in this tradition understood to be the unfolding from within of a distinctive personality. The learner does not learn by doing or in interaction with others, but by experiencing and understanding venerated texts. This movement for inward cultivation fostered a group of intellectuals with formal-rational values who supported a public administration bureaucracy dominated by lawyers. A profound distrust of instrumental or utilitarian forms of knowledge was common. Industrialization put the traditional status system under pressure, however, and the intellectual groups linked to the notion of *Bildung* then gradually turned into reactionaries, advocating resistance against the 'new' fields of technology and economics. The new schools associated with these knowledge-types had to develop outside the universities. A strong contradiction between engineering and the humanities developed, and this major cleavage also impregnated the other emerging disciplines, such as the social sciences.

It is usual to associate the emergence of industrialism in Germany with the conflict between the *Bildungsbürger* and the *Wirtschaftsbürger* (the educated middle classes and the commercial classes): "Two more or less distinct middle-class hierarchies rose; the economy-oriented hierarchy of early industrial capitalism, and an education-oriented hierarchy that encompassed the civil service and was closely linked to the state" (Ringer, 1992:27). Contrary to what was the case in England, management in Germany was recruited according to educational qualifications within a system of hierarchy and order. The two middle-class hierarchies gradually impregnated each other. The new ideal was to attach to *Fachwissen* the same privileged status as *Bildung*. A report from Ignaz

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<sup>4</sup> "*Bildung* requires (a) an individuality which, as the unique starting point, is to be developed into a formed or value-saturated personality; (b) a certain universality, meaning richness of mind and person, which is attained through the understanding and experiencing (*verstehen* und *erleben*) of the objective cultural values; (c) totality, meaning inner unity and firmness of character" (Ringer, 1969:87).

Jastrow (who visited the USA in 1904) indicates that they may have succeeded in this by developing a more practical way of approaching knowledge:<sup>5</sup>

the relationship between theory and practice in commercial education is .... in both America and Germany, the reverse of that which is generally anticipated. Germany, the land of thinkers and dreamers, conducts commercial training in primarily practical fashion; America the land of the practical man par excellence, has for general want of practical commercial training, to everywhere adopt a purely theoretical pedagogy, and falls over itself in the invention and foundation of ever newer institutions for commercial education (Tribe, 1995:95).

This meant that industry was developing in close harmony with the education system in Germany, and that the management system was based on internal recruitment and advancement based on practical as well as theoretical qualifications. The disjunction between hereditary social capital and the new educational capital may, however, not have been as sharp as Ringer argued. Managers and late entrepreneurs, particularly those with inherited family fortunes, had to gain cultural capital as *Doktor Ingenieur* or *Diplom-kaufmann*. The *general management* ideal was virtually non-existent in Germany, among others, because it was not possible given the social setting to associate a claim on authority with literary knowledge in the same way as in England, or universal business-administrative knowledge as in the USA. The cult of the *amateur*, as found in Britain, meant that the classically educated *gentlemen* were supposed to take the elite positions in society. It was an essential part of the education of top leaders in government and industry that their upbringing should not contain any elements of functional training; "training was for players; gentlemen were educated" (Coleman, 1973:101). This exposition about the foundations for managerial status claims and conceptions of management in Germany, the USA and England has illustrated how the dominant conception of knowledge and education during the epoch of industrialization may have had a lasting effect. A thorough look at the French case would confirm the same. The social groups approaching hegemony in the field of intellectual knowledge early on were located in the modernizing institutions, whereas the more backward-looking mandarins controlled the most prestigious institutions in Germany. From Saint-Simon to Durkheim the French intellectuals were much more preoccupied with developing useful knowledge than the Germans, and there was a French unified upper class willing to use it. Economic and cultural capital supplemented each other, instead of splitting the bourgeoisie into two fractions. Instead of *Bildung* it was a rational scientific mood that impregnated the division of labor in industry. The educational system was elitist, specialized and selective. Top managers were recruited among a small social elite, and large staffs of scientifically educated elites were hired to assist them.

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<sup>5</sup> Jastrow (1904) reported on the trip to the USA preparatory to the establishment of the *Berlin*

Whereas the British educated a small classical *gentleman* elite, the French built a selection system for a small scientifically trained state-oriented elite. These kinds of institutions for selecting business elites were much less developed in Germany, where the institutional framework supporting the idea of *Wissenschaft* and *Fachwissen* was much stronger (Locke, 1989:62; Cassis, 1994:225).

### The Diversification of Knowledge Cultures

One of the best known expositions of the conflict between intellectual cultures is C.P. Snow's *The Two Cultures and the Scientific Revolution* and the debate that followed in its wake. In this book Snow confronts the "gulf of mutual incomprehension" between scientists and humanists and attacks the whole British educational tradition because it produces a very tiny and specialized academic elite based on the study of either the classics or mathematics (Snow, 1961 :4, 20-1).

The aim was to heighten the value of 'science' and make it more practical and in accordance with its meaning to the other industrialized nations. The British intellectuals' relation to the dominant social class was mediated by the literary field: only through literature could the educational system reproduce the dominant class-identities. Management in Britain was associated with either no education or education based on knowledge of the literary field. The problem with this latter kind of managers was that they completely lacked any experience of the particularities of production or any systematic knowledge about it. Snow's advocacy of a less specialized 'science' was not only an attempt to change the established valuation of knowledge, but also the established composition of the English business elite. This was in accordance with discontent among middle management, which had engineering, accountancy and educational backgrounds that differed from the business elite. Snow wanted to mobilize pragmatism against scholasticism and rational, positive science against the more ideographic humanities. The debate following Snow's book raged for about ten years . The intensity of this discussion outside England too indicated the importance of the topic on a broader international arena. Snow's book focused on an old European theme. The conflict between mathematical and scientific rationalism in the tradition of Descartes and the humanistic disciplines had been around in Europe since the sixteenth century (Habermas, 1969; Kreuzer, 1969; Huber and Thurn, 1993: 14).

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*Handelshochschule* of which he became first director (Tribe, 1995:95).

Gradually this dichotomy of cultures developed into a conflict among three cultures, during which the classical literary and the modern field of science were challenged by the even more modern social sciences (Lepenies, 1985). We may today talk about at least six major cultures among which at least four have direct relevance for how managers in the industrial firms conceive their problems and select their recruits (Huber and Thurn, 1993).

1. A technical culture oriented towards industry, mining, public infrastructure and science. This field is often split into a scientific and a more practical, industrial milieu. These two subfields are in some countries also institutionally separated, but will nonetheless be of mutual constitutive significance.
2. A business and commerce culture, based on people with trading, monetary and administrative responsibilities in firms and those employed in business services and financial institutions.
3. A public administration, national economics and legal culture inhabited by people with tasks relating to national planning, the judiciary and law functions as well as classical administrative tasks within the public sector.
4. A 'social-scientific' culture. This is a milieu of people with a human relations type of orientation and with their base in tasks related to the welfare state or the educational system. Their knowledge is of a therapeutic/ pedagogical and social-manipulative type, and they work both on and with human beings.

In addition to these four milieus of direct concern to the firm, one might add the following.

5. A 'mass communications' culture which consists of people in jobs associated with the term 'information society': that is, information directors, journalists, employees in commercial agencies, marketing, and so on.
6. A culture of artists, architects and other groups associated with cultural artifacts and personal expressions.

Ringer defines a field of knowledge as the space where actors are positioned towards another according to relations that are created by their social construction of knowledge. The social location of actors within such a field constitutes their knowledge and also their identifications and world-views. Snow, on the other hand, understood a culture to be the source of automatic responses: "without thinking about it, they respond alike" (Snow, 1961:11). These perspectives, then, may provide us with an idea about forces for fragmentation and unification within knowledge milieus. In a culture perspective we may focus on group-specific identities and the problem-focus and conceptual frames they have in common. Ringer's notion of a 'field', on the other hand, makes us pay attention to

how various agents' world views and conceptualizations develop in dynamic relationships. There will always be a conceptual competition among actors across the various cultures about what is the problem and what type of knowledge may be most relevant in solving it (Wiedemann, 1971:141-2; Fligstein, 1990). The various groups within the increasingly prestigious terrain of management knowledge will struggle to have their approach and turf appear as the most valued among other relevant actors and the public in general. There will be weaker and stronger links between the actors in a knowledge culture depending on the general conception of knowledge in society. A rationalistic way of approaching knowledge will lead to more hierarchical ways of structuring relationships within fields of knowledge (confer the training/education dichotomy), whereas a more hermeneutic/pragmatic tradition will lead to more horizontal divisions and conflicts (such as civilization versus culture).

The mandarin *Bildung* tradition seems to have created a more unified disciplinary industrial opposition among industrialists and engineers, whereas the hegemonic rationalistic scientific paradigm in French state/industry did not create such an opportunity. This accounts for the large degree of overlap between business elites and state elites in France. The general point is that historical compromises and institutional developments gave the original conflict cleavages permanent status. In this way the original structuration of intellectual fields may still be important in the modern age of mass education. I shall now discuss how such historical arrangements may have influenced work organizations and employment systems.

### Spaces of Qualification and Management

Our ways of thinking about work/education relationships are still strongly influenced by the functional viewpoint, in which education and knowledge formation systems emerge because of a functional need in the economy (Noble, 1977; Carnoy and Levin, 1985). Ringer argued in his book *Education and Society in Modern Europe* that educational institutions enjoyed a much greater autonomy than commonly assumed (1979:2). In his 1992 publication, *Fields of Knowledge*, he developed this argument further by arguing that it is more appropriate to speak of an educationalization of the occupational system than an industrialization of the education system. The autonomy of the educational system, according to Ringer, is grounded in the broader culture, and its development cannot for this reason be a response to economic demands. The relationship between education and work cannot be fully captured by focusing on work tasks, professional knowledge or characteristics of the work situation. The way work and education relationships are constituted depend on a number of societal conditions. A firm that grows larger and develops a managerial hierarchy is not

only penetrated by the so-called processes of rationalization and efficiency, but also by collectively shaped cultural values. Geertz's phrase, that man was not created governed but has been gradually enclosing himself in "a web of signification", may illustrate this point. Similarly, Selznick as well as Drucker insisted that the role of leadership and management was to develop the corporation from a 'tool' to an institution and "infuse the organization with values" (Drucker, 1946:41; Selznick, 1957/1984:40; Geertz, 1983:182).

As Kocka has emphasized in the case of Germany, the building blocks and scripts for these webs of significance may have come from the civil service rather than from commerce and trade (Kocka, 1969, 1980). Even though economic and cultural institutions were increasingly autonomous and separated from each other, it is also necessary to understand how the economic sphere could not have been, developed independently of the cultural. The speed and rate of transfer of symbolic practices between culture and economy was accelerated due to the tremendous expansion of the educational system. Educational systems gained a momentum of their own which was independent of the economic structure many analysts seem to think they were created to serve (Noble, 1977; Archer, 1979). The emerging field of knowledge relating to industry may have been influenced by the functional needs of the new economic and industrial systems, but they were not determined by these in any precise functional way. The classical valuation schemes and intellectual fields developed in pre-industrial settings were also impregnating management and work organizations in the industrial era. It is a historical and sociological question how each management system developed and exactly how it was influenced, first, by historical legacies and institutions and, second, by ideas imported from an increasingly international field of management knowledge (Abrahamson, 1996).

The social conflict within modern work organizations and between status groups in contemporary society is largely about the valuation and differentiation between social groups whose identities are constituted by common skills and language, traditions for problem-solving and mental maps based on common experiences. These common identities are not only shaped by fields and cultures of knowledge but also institutionalized in *spaces of qualification*: that is, relatively fixed relations between education and work. These relationships bestow meaning on the behavior of the different actors based on social recognition of their knowledge. Maurice *et al.* have argued that engineers, technicians, foremen and skilled workers occupy the same *qualification space* in Germany, whereas the French system is more hierarchical. They put specific emphasis on how educational institutions and industrial relations have emerged to buttress such relationships. Lash and Urry argue that a *qualification space* is also a space that specifies how information and agents may flow from

one category to the next. They distinguish between a German system based on practical reflexivity, and an American system based on discursive reflexivity, whereas they attribute the term collective reflexivity to the Japanese system (Maurice *et al.*, 1986; Lash and Urry, 1994:87).

Top executives are also located within such historically shaped *qualification spaces*. This means that their positions and outlooks are partly constituted by historical relationships between work and education. Leaders and managers are, however, not only objects shaped and constrained by these *qualification spaces*, but also subjects and strategic actors that may be particularly influential in reconstructing them: for example, by making strategic decisions about core competencies or whether to out-source or internalize knowledge-based functions. An increasingly important managerial task is to feed organization members and the public with authoritative interpretations of situations, relationships and actions. They also continually make decisions about recruitment, promotions and skills formation issues that in the longer run will influence career structures and *qualification spaces*.

The traditional literature on these matters tends either to be rather simplistic, assuming some kind of managerial omnipotence, or to present a more chaotic picture. It has been more common among those studying public administration to focus on the way professional and political conflicts shape organizational structures and *qualification spaces*. Whereas it is possible for some professions, particularly in the public services, to control a whole organizational field or hierarchy (such as the medical field in traditional health services), there has never been a single profession with such potential in the management of private industry. Nonetheless, it may increasingly be relevant to highlight inter-professional and inter-managerial conflicts in private business as most private firms are now also becoming increasingly knowledge-intensive and exposed to mass media reports (Peters, 1984; Abbott, 1988; Quinn, 1992; Alvesson, 1993).

### Management and Authority Structures

It was de Tocqueville's observation that "all societies, in order to exist, must submit to some authority without which they would relapse into anarchy . . . there are various ways in which this authority may be distributed, but it must exist somewhere or other" (de Tocqueville, 1988:72).<sup>6</sup> Similarly, in *Work*

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<sup>6</sup> Since then, Hanna Arendt claims, "authority has vanished from the modern world". More specifically she means that all kinds of power relationships between "coercion by force and persuasion through arguments" have largely

*and Authority in Industry*, Reinhard Bendix argues that the authority relationships between the few and the many are an inevitable consequence of complex organization. There is a major difference between how authority is exercised in the west and the east, however. Whereas industrial leaders in the east can establish absolute authority by referring to their subordination to the state, western leaders cannot do this. This means that they have to develop managerial ideologies in order to persuade workers about the legitimacy of their position. This autonomy for the managerial class from the state, then, seems to be a precondition for developing authority based on knowledge instead of traditional beliefs (Bendix, 1956, 1974; Hartmann, 1964).

This relates to a central premise in the "new sociology of knowledge"; that knowledge and power are intimately related because "power allows people to enact realities that make their knowledge plausible" and that the authoritativeness of knowledge is therefore grounded in "patterns of authority" (Swidler and Ardit, 1994:322). One classic example of this relationship between knowledge and authority is presented by Bendix when he argues that Taylor, by launching the idea of management as a science, had initiated the process by which the "old-fashioned, dictatorial methods" gradually had to be removed from the employers' exercise of authority. The superiority of the successful could not any longer be taken for granted since "success in one domain might be associated with failure in others" (Bendix, 1964 and 1974:277,300).

A question that needs to be addressed is whether it was possible to transfer the 'scientific' basis for Taylor's claim to settings other than American industry in the progressive era. Hartmann's comparison of authority relations in German and American industry in the 1950s indicates that the managerial elites had developed contesting kinds of authoritative knowledge systems based on different power bases. Accordingly, the specific managerial ideologies that were developed to motivate workers and legitimate an autonomous class of managers in Germany seem to have differed from the American model. Indeed, the development trajectory in most continental European countries may have differed from the American way (Grosset, 1970).

Let me develop two kinds of distinctions that might indicate exactly how knowledge/authority systems may have differed. The first distinction is between a representative and a task-oriented functionality. Functional representation, according to Bendix and Rokkan, "derives from the medieval political structure in which it is deemed proper, for example, that the elders or grand master of a

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vanished (Arendt, 1977). Even this claim may be questioned. A whole generation of Weberian sociologists have been in disagreement with Arendt's way of approaching the question of authority. See also Sejersted (1997).

guild represent it in a municipal assembly. Here function refers generically to any kind of activity considered appropriate for an estate." This kind of functionality is linked to the rights and duties in 'group-specific activities' and not to the requirements of the 'tasks themselves' which is a more basic idea in the American and Parsonian kind of functionalism (Bendix, 1964, 1977:91). This relates to the second distinction made by Talcott Parson's between ascriptive and achievement-based authority. In this case 'ascriptive functionality' would refer to the idea that the German managers' claim to authority was based more on their traditional social status as well as their knowledge of a specific field of action (for instance, a *Fach* or an industry).<sup>7</sup>

When I say that the American situation was closer to the ideal-type of achieved task functionality this indicates that American managers after Taylor were victims of their claim to be professionals who relied on science. The connotation of the Anglo-Saxon term 'science' is that it is possible to find an objective best way to solve a given task, and it also refers to the prospects of humanity in general, not particular communities or nation-states. The web of significance surrounding German managers may have been closer to the ideals of representative and ascriptive functionality, which means that they identified with a particular *Wissenschaft* or *Fach*, and that their purpose was linked to the idea of Germany catching up with Great Britain in industrial development.

### The Perspective Used on the German and American Models of Management

I have indicated several linkages between the relatively autonomous fields of knowledge and types of division of labor within work organizations and industry. The empiricist-literary knowledge basis of England was contrasted with techno-scientific rationalistic France and hermeneutic-technological Germany. I have also developed and illustrated important contrasts in authoritative knowledge as relating to industry and management in Germany and the USA. Let me now summarize and develop the analysis further by concentrating more systematically on the German and American cases.

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<sup>7</sup> Hartmann found, for instance, that the German managers still depended to a much larger extent on absolute values such as property, the calling and the elite ideology. These three widely accepted sets of values endow German managers a greater 'zone of indifference' among workers. They did not constantly have to demonstrate their abilities in the specific function of managing to the same extent as American managers (Barnard, 1938/1968: 168; Hartmann, 1959:6).

Table 4.1. Ideal-typical aspects of the German and American models for industrial management

Management system	Elite mentality	Fields of knowledge	Qualification space	Authority structure
General management	Universalistic rationality	Business administration ( <i>episteme</i> )	Task discontinuous	Achieved functionally (task-oriented)
Disciplinary management	Particularistic wholism	<i>Betriebswirt-schaft</i> + engineering = ( <i>episteme</i> + <i>techne</i> )	task continuous	Ascriptive functionality (representative)

A comparative study of the variations in the use of central notions in industrial administration such as general management and German engineering management is a useful exercise in itself because it makes it necessary to do some serious thinking around how knowledge/authority configurations may buttress particular management systems. In what follows I will develop two ideal-typical management systems based on the concepts discussed above and the experiences from Germany and the USA (see [Table 4.1](#)).

The archetypical industrial leader in the USA today is neither the public administrator nor the owner-entrepreneur, but the general manager. The success of the American management tradition is due to the fact that it has effectively combined the function of leadership and administration in this archetypical idea. This means that persons in formal authority positions at all levels of the organization are responsible for leadership functions as well as administrative functions (Drucker, 1946:54). The major distinction, then, is not between leadership and administration, but between general and specific management. Leadership is believed to be a necessary activity in all parts of the system, particularly where managers have to manage other managers. The higher up in the hierarchy one goes the more leeway there is for fulfilling this ideal, but in order to advance to this level managers will have to demonstrate leadership abilities. The logic of the whole system is therefore more attuned to leadership than administration. This logic was supported by an industrial relations system with a sharp distinction between the managerial and laboring classes, and an educational system which separated education for manual and management functions. The engineers could not, in the long run, occupy the major positions in industry according to such a philosophy. It was a system that was much more open to competition among various professions presenting alternative leadership models (Byrkjeflot, 1996).

In contrast, the Continental disciplinary management tradition puts less emphasis on leadership and more on administration in the lower managerial positions (German *Führung/ Leitung*). The leadership dimension is much more taken for granted because of the higher degree of overlap between the execution of tasks at the lower and higher levels in the organization. The weight put on leadership as opposed to administration means that it comes closer to the bureaucratic ideal type as referred to by Weber, where the room for discretion was supposed to be almost non-existent in lower positions (Weber, 1978). The status distinctions in industry in Germany were much more fine-grained and based on occupational specialization. A qualifying logic penetrated organizations also at the lower levels, whereas the professional logic setting the pace in American organizations was more developed from the top. Organizations in the USA were more polarized with professionalizing middle classes on the top and the less qualified laboring classes below. The middle classes were much larger in the USA and the professional ideal of efficiency and uplift was more influential (Haber, 1964; Lash and Urry, 1987).

Business administration was perceived to be a rational and universalistic science based on the notion of *episteme*, but the attempts at professionalizing the management functions on this basis has been difficult, as discussed above.<sup>8</sup> The prospects for a business administration based on a professional service ethic has gradually been undermined more and more by the 'financial conception of control' and the strength of the economic-scientific model in the running of American business. The manager in an American firm does not have the same firm basis in a *Fach* or a social group and will have to continuously demonstrate his or her managerial abilities. It is this situation that allows for the use of the term *achieved functionality* to describe the authority system in American industry (table 4.1). German engineering and *Betriebswirtschaft* teach the prospective managers techniques because they are based on the idea that the manager is part of a discipline or a *Fach*. The top manager, then, is an expert in the industrial field he or she is located within. It is this that accounts for the strength of *techne* expressed in the German concept *technik* and the production function in German management. The idea is that leadership cannot be learnt in specific educational programs for business, but has to be developed and maintained within other spheres, such as the state (public administration/industrial policies), the family (entrepreneurial firm) or professions/occupations (such

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<sup>8</sup> Grimen has criticized modern organization theory for relying on a classical hierarchical notion of knowledge. According to this way of approaching knowledge *episteme* is the highest and most valuable form, whereas the more practical and particularistic forms of knowledge, *phronesis* and *techne* are less worth. Aristotle distinguished between *episteme* (*general knowledge*), *phronesis* (moral knowledge) and *techne* (the art of making). *Episteme* was knowledge about general principles, procedures and rules, *phronesis* referred to moral knowledge, whereas *techne* was "the art of making" (Grimen 1991:25-8, Aristotle 1973).

as engineering or law). It is this overlap between social classification and credentials from a *Fach* or an educational institution that accounts for the use of the term *ascriptive functionality* to describe the German authority system (Table 4.1).

Management styles in Germany historically have put more emphasis on techniques/*Fachwissen* (engineering, business economics), whereas the Americans have been more oriented towards the governance of social relationships (*business administration, human relations*). The German *Unternehmer* archetype type is better educated than the American top executive, but more often in a technical discipline. The leadership function is more constrained by family heritage, public administration and the cartel type of governance structures. The knowledge basis is more *particularistic* and *holistic* at the same time. American managers operate more on the organizational level and have been continually told by adherents of the new sciences of organization theory and management that it is possible to rely on *universal knowledge* about how to manage.

The ways *qualification spaces* are structured may be related to Offe's distinction between *task-continuous* and *task-discontinuous* work organizations (table 4.1). In the former type, to be higher in the organization status hierarchy is to have more of the same skills than someone in the lower position, while in the latter type someone in a lower position has different skills (Offe, 1976:3). In a task-continuous organization, which we may assume is a much more prevalent organizational principle in Germany, most emphasis may be put on administration in the career system, and accordingly education is in the appropriate administrative techniques, not leadership abilities. In a task-discontinuous organization, on the other hand, the managers need to build their authority on their ability to manage.

### The Creation and Diffusion of Management Models

The American system for knowledge formation is still the most influential on a world-wide basis. However, the gradual rise of the German and Japanese management models as alternatives is important also because they create new possibilities in management knowledge formation. The problem with previous discussions of the emergence and diffusion of alternative models may have been that it was presumed that each tradition developed independently from the other. This is problematic, especially in the Japanese case, but it is also quite apparent that there were close interactions between the early organization-builders in education and industry in Germany and the USA. It is also difficult to account for the impact of international models of management and organization in either a functional or a political authority perspective. A knowledge/authority

perspective is more appropriate if the aim is to understand the impact of cross-national fertilization, imitation and variations in organizational models and management knowledge.

Locke has questioned the epistemological foundation of American management, with its sharp dichotomy between mind and matter and tacit and explicit knowledge. He agrees with Nonaka and Takeuchi's statement that it is a great advantage for the Japanese that they have not developed the same distinction. But he finds that the distinction they draw between the West and the East is false, since the Germans also combine tacit (*können*) and explicit knowledge (*wissen*) in the notion of *technik*. The Japanese and German forms of management, in his view, are successful because they are able to adapt to modern demands for more flexible and customer-oriented organizational forms. The interaction and integration between conception and execution, and the continual exchange of ideas between the people who interact with customers and production are increasingly the key issues. Nations that are penetrated by hierarchical notions of knowledge will be less able to deal with these issues than those that have developed a more integrated and holistic conception of knowledge (Locke 1996:175-92; Nonaka and Takeuchi 1995:235).

The challenge from this perspective is to study how simultaneously emerging and internationally diffused management knowledge and organizational models were adapted and reinterpreted by different status groups, and how they were used to legitimate contrasting kinds of authority relations. The way Lenin used Taylorism is one example. Another is the enthusiasm generated around Taylorism and Fordism in Germany, an enthusiasm that sometimes was mistakenly interpreted as a general movement towards the Americanization of Europe or Germany. A knowledge/authority perspective allows for a more convincing assessment of the impact of such imports. Continual adaptation to international waves of management knowledge may have been a necessity for industrial elites because of the continuous conceptual competition taking place within industry and the [relevant](#) fields of knowledge. The challenge, then, is more to understand the dynamic relationship and linkages between industrializing elites, knowledge forms, divisions of labor and authority structures in a given area than to postulate the existence of either universal stages in industrial development and knowledge forms, or suggest that each nation is a container of unique cultures and power structures.

## Conclusion

Management in a knowledge/authority perspective is not a functional response to the needs of an expanding marketplace. Neither is it mainly an ideology legitimating the power of privileged groups. Management doctrines and conventional management knowledge represent a conception and an

implicit agreement about a status hierarchy and an appropriate division of labor among various social groups in society. Managerial hierarchies and organizational structures are structured and segmented by shared assumptions and a pre-existing power distribution among knowledge-producers, distributors and users. It is, thus, necessary to understand the structuration and dynamics of fields of knowledge in order to explain how knowledge cultures affect management paradigms and industrial development.

A field of knowledge/authority perspective on the problems that have previously been understood in a political authority or functional perspective provides us with a better theory about the consequences of internationalization and the likelihood that some groups will be able to have more influence on the reconstruction of the management function than others. It also leads to an increased awareness of limitations and possibilities for the adoption of foreign models and cross-fertilization among nation-states and regions in organization and management. Industrial management is bound to be a conceptually and socially contested abstraction and practice, since there are at least four major knowledge communities competing for positions and for a stake in the institutionalization of authoritative knowledge.

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