

KNOWING CONCERN: GOVERNMENTALITY IN MANAGEMENT OF INTERNATIONAL SERVICES

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Abstract

This paper will provide accounts of governance from the premises of service practices. By using the notion of 'governmentality' (Foucault, 1978), we expose how the employees and their services are governed by the collective practices embedded in the organisation. These collective practices are seen as results of the intimate connection between the decreasing role of direct governance and the increasing role of indirect governance techniques embedded in tools, ICT systems and ways of doing. This entails that the institutional formal governing structures and strategies are present. However, the functional governmentality is seen through the collective practices having precedence over the formal governance structure. Our contribution will be to analyse how corporate governance addressing the collective practices have impact. The implication of our study is a different way to conceptualise top-management influence and power over knowledge workers as indirect top-down governance through the decisions and choice of i.e. ICT tool standards.

Keywords: International Services, Collective Practices, Corporate Governance, Governmentality.

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1 Introduction

This paper will explore the governance processes and practices in international service work based on experiences drawn from a research case with Det Norske Veritas (DNV). We will explore the governing structures of highly knowledge intensive services provided by experts in multiple locations, divided by cultures and time zones. Several actors are involved, yet their combined efforts provide an end-service to the customer that is coherently integrated and perceived as one. In this respect it is interesting to understand what type of governance that needs to be at place to achieve such an accomplishment since knowledge work can not be managed and controlled in the same way as work in traditional production. Hence, how is it possible to manage and govern specialized knowledge across borders and time zones within one organisation? Through which processes and structures are expertise and the service work practices governed?

In order to address these questions we start from the premises of service practices. Furthermore, we understand these practices using 'governmentality' (Foucault, 1978) as a conceptual framework to expose power relations in knowledge work. By using the notion of 'governmentality' we expose how the employees and their services are governed by the collective practices embedded in the organisation. These collective practices are seen as a result of the intimate connection between the decreasing role of direct governance and the increasing role of indirect governance techniques embedded in tools, ICT systems and ways of *doing*.

After the presentation of our theoretical departure and the method used, we will expose the case of international service performance at DNV.

2 Collective practices and service work

Professional service work can be characterised as being highly knowledge intensive, customised to the specific task or client, involving personal judgement, delivered by highly educated people within constraints of professional norms (Løwendahl, 1997). The work is mainly symbolic analytical in character (Alvesson, 2001). The intangible nature of services

is complex¹. They consist of “acts and interactions” as social events (Normann, 2000, p. 19) and the metaphors and concepts for practices are often confused with the actual practices. A service project, such as designing a house for architects, providing a firm with a communication strategy, is nothing more than a metaphor for e.g. a piece of paper being a contract, people communicating and the use of tools. The actual practices are embedded with values, norms and experiences through working methods and templates collectively used.

Work practices are understood as what employees actually do collectively (Huy, 2001). An emphasis on service work practices is hence a wish to focus on the micro-activities (Johnson et al, 2003) that are collective, to investigate what is actually done, following the practices and placing these at the centre stage. Focus is not on the actors, the resources, the systems or structures. However, they are integral parts since they are forming practice, and take part through interactions. Focusing on the practices of service work, and not the resources² nor the knowledge³, implies that the collective efforts of the knowledge workers, their interactions and team capabilities are addressed (Teng and Cummings, 2002). Collective practices are found in the interaction of actors and are seen through patterns of social interaction in and between communities of practice (Brown and Duguid, 1991). Collective practices may be deeply embedded in the organisation and thus go beyond the individual level.

Collective ways of doing, know-how, or knowing are “ongoing social accomplishments, constituted and reconstituted in everyday practice” (Orlikowski, 2002, p. 252) Knowing as well as knowledge would hence be understood as an active process (Blackler 1995; Polanyi 1983:1966). Knowledge is being constituted in practice, but cannot be reduced to practice since there are potentials for knowing across situations and activities.

¹ Normann (2000) explains how services are different from manufacturing: “One is the basic intangibility of services (as opposed to the concreteness of manufactured goods). This immediately suggests related properties: services cannot be stocked; they cannot easily be demonstrated; and while they can be sold, there is not necessarily any transfer of ownership.” p. 19

² Firms with resources being difficult to substitute and imitate may achieve competitive advantage in the market place following the resource-based view of the firm (Barney, 1991; Penrose, 1995; Peteraf, 1993; Wernerfelt, 1984), where performance is linked to the firms’ heterogeneity. Emphasising resources in Professional Service Firms entail having an understanding of which resources are available, and how to best allocate these.

³ Knowledge as resource and asset is extensively treated within the knowledge-based view of the firm where knowledge as such is seen as the strategic resource (Spender, 1996; von Krogh et al, 1994; Grant, 1996). Emphasis on knowledge, knowledge creation and its enabling provide the valuable understanding of how knowledge is key in value creation.

Emphasising knowledge as a process, knowing becomes “something we do, rather than as an object, something we have”. (Carlsen, Klev and von Krogh, 2004, p 9.)

Processes of knowing are part of and shape the service work. The understanding of knowing is then in the moment, having provisional status or even being virtual. Based on Orlikowski (2002) we will elaborate on how repertoires or patterns of collective practices, activities and knowing can be understood in distributed organising efforts. Practice is among others understood to be aligning efforts, interacting face to face or supporting participation. The knowing constituted in the practice are thus knowing how to co-ordinate across time and space, virtually and asynchronous (Orlikowski, 2002, p. 257).

According to Foucault, the concrete practices are crucial since both knowledge and power are aspects of the practices (Law, 1986) and power is implicitly part of knowledge. In this respect, knowledge and power, “pouvoir/savoir”, are indissociable from one another within the practices (Fox, 2000). Rather, power is omnipresent “because it is produced from one moment to the next, at every point, or rather in every relation from one point to another” (ibid). Thus, in order to understand how service work is governed, we will explore repertoires of practices and identify how these are governed or are governing.

3 Knowing the case

Collective practices are being made there and then, through everyday work of the practitioners. A case study approach was suitable due to the explorative questions about contemporary events (Yin, 1994). Furthermore, the study concerned the processes of service work, more than the goal; it was not intended to evaluate service work, but rather to understand the ongoing work in the making.

In order to describe collective service work practices, it seemed beneficial to find projects (preferably learning intensive) that were about to start, with a time scope between two weeks and six months. Hence, we followed two internal pilot projects that included several actors, with multiple expertises. One project dealt with the exchanges and interaction between different communities of practices and how the physical office structures would render this feasible. The second project was about knowledge sharing and communities of practices where one member of the team was situated in another time zone.

Part of the case had its methodological base in action research (Greenwood and Levin, 1998), with co-generative learning between the researchers and the organisational stakeholders. Not only did we have continuous meetings and exchanges, but one of the DNV employees dealing with learning and process work formed part of the research team in a combined production of new knowledge and practical processes and changes.

At, and with, DNV we have used multiple sources of information: Participant observation in order to understand the practices of today, in-depth interviews with focus on daily work, activities and evolving practices, document and report studies (both of internal documents, on-line use study, yearly framework documents, project plans, organisational and global in-depth surveys performed by a third party), workshops on a company arena for member checks and on the researcher arena for peer review of, and discussions on, findings (Creswell 1998). As of yet, the research team has not visited other locations than Oslo. However, there have been interviews with international employees and we have attended video conferences and learning courses between two time zones.

4 International services in DNV

Our empirical case is Det Norske Veritas (DNV); an independent foundation established in 1864 with 300 offices in 100 different countries. With about 5,600 employees representing 86 nationalities, the company is truly global. The goal is to become “the worlds leading classification and certification company, and a leading technology and business-risk consulting firm” (DNV, 2002). Providing global third-party services, the knowledge based organisation consists mostly of highly qualified engineers and technical personnel. The characteristics of DNVs business are to provide quality and comparability in globally distributed services. These services are intended to be of same standards and expertise worldwide. “What is important for DNV is that its services and solutions are of a uniform quality” (DNV, 2002) so that the customers perceives DNV as one company. One of the challenges in relation to quality and comparability in services is that these services are highly knowledge intensive, dispersed geographically, and performed in culturally diverse locations and in different time zones. Thus the organisation is faced with a classical dilemma of centralised control utilising scale as competitive advantage and local autonomy for efficient services to customers. The question raises which formal governance and what kind of practices are in place in order to accomplish uniform quality under these conditions?

DNV is organised in four business areas (BA), Certification, Consulting, Maritime, and Technology Services with supporting corporate units at the Headquarters in Oslo, Norway. The BA's operations are geographically dispersed and organised at a regional level (i.e. Asia) and down to each country. Thus, the power and responsibility of the operations are regionalised, while reporting to corporate BA at HQ. The staff functions at headquarters are among others to assure, develop and maintain information, knowledge, infrastructure, ICT systems and learning courses for the employees. Headquarters support is important due to a centralization of information and ICT systems. The headquarters are understood as a resource and competence centre for the BA's and regions "out there". Formally, the organisational chart shows how the power and economic resources lies within the line organisation at the BA's and at the regional level. The corporate staff provides services to the line organisation in accordance with negotiated agreements. The question is how HQ facilitates the knowledge work accomplished locally around the world in order to assure uniform quality?

Historically, classifying ships that are in the harbour for only a couple of hours, or having a complete set of certification data of factories owned by global customers such as Coca Cola, implied the need to centralise all information and ICT systems in order to maintain quality of services. Today, daily communication, information exchange and knowledge sharing between dispersed offices and countries are done through DNVs global network linked by information technology. The economic loss in value creation has shown to be critical if the network is down or one of the servers is failing. The expert classifying a ship needs to access servers and tools while classifying. Without the systems being available, the work cannot be performed. Moreover, an internal study has shown that employees stop working when only the intranet is not working properly. The intranet is a so called "need to have" site with a lot of internal information such as phone numbers, templates, news, manuals etc. This entails that the information and communication systems, the servers and available sites have critical impact on DNVs value creation and are understood internally as value drivers. Service provisions to external customers cannot run smoothly without a functioning internal support service for employees regardless of time and place.

Nevertheless, these service provisions demand close cooperation between HQ and the BA's, both in Oslo and at the regional level. The success of this cooperation affects all

employees and has implications for the customers. To illustrate the importance of such cooperation, or rather internal service provision, we will use the case of ICT support services in DNV. The challenge for ICT support is to provide all the employees with business and information technology support in different time zones all over the globe when such support is highly specialised, knowledge intensive and require teams of experts. Such support services are demanded by the employees in order to perform their services to customers. In DNV, all business support systems and ICT systems are centralised in Oslo.

The support and ICT systems, their maintenance and functioning are managed by DNV IT Solutions, the corporate ICT unit in Oslo. IT Solutions consist of expert groups and Help Desk International and they cooperate closely with local help desks being part of the regional line management, the BA's. Hence, IT Solutions is cooperating with colleagues globally. The service provision itself requires specialised knowledge and experience. A prerequisite is high IT expertise and an understanding of working processes at the BA's. Apart from formal and academic achievement, the work demands from half a year to one year learning and experience gain at DNV before becoming fully operational. The ICT staff is perceived as knowledge workers.

The service performance with direct contact with the employees is conducted locally at different locations, and is channelled through the global system. There are about twenty local help desks around the globe being the first line to provide help to the DNV employees. They solve about 80% of incoming tasks, unless the issue at hand is too difficult to perform, or addresses problems with the servers and systems located in Oslo. The remaining 20% is communicated to IT Solutions, specifically to Help Desk International (HDI).

The HDIs are based both in Oslo, Houston and Singapore, dividing the world between them according to the time zones. Every 8 hours the HDI swaps to the next location. The tasks to complete, the issues at hand, the rerouting of mails, phones and responsibility is handed over both with a phone conversation between the two offices, and automatically through the systems. The HDI received in average 150 requests every 24 h from local help desks. HDI solves about 80% of incoming incidents, while the remaining 20% are sent to expert groups. There are five expert groups consisting of 3-14 people, each of them allocated to one business application. The expert groups form part of IT Solutions

and are based in Oslo. In order to solve incoming requests or incidents, the expert groups need the whole team in 20-50% of the cases. Furthermore, in approximately 20-80% the same expert groups need to cooperate with the relevant Business Area in order to solve to problem. How the service performance is flowing between different units with different functions shows how the collective practices is working between the teams, in their interaction.

Furthermore, the collective practices meet moments of negotiation with different knowledge workers during the service performance. To illustrate such situational interactions, the service work needs to be followed. An employee in Australia might report in a problem with one of the business support systems to the local helpdesk. The Australian helpdesk worker, 'Will', can fix part of the problem by learning while doing, however at that moment there is the option to be in charge or sending the service further following the collective practices. 'Will' uses several hours and acquires expertise to deal with part the problem, and sends the remaining part which he cannot solve within the same time zone to the international helpdesk in Singapore. 'Yin' in Singapore looks at the task at hand, knowing how to perform part of request, but due to the general working hours, she transfers the rest of the service to the Oslo HDI at 8 am Norwegian time. The Oslo HDI needs additional information and sends email to the user with questions. Since the request is related to a business support system, the remaining part of the service might then be transferred to 'Anne' from the support systems expert group, and the HDI has contributed with supporting participation. After solving the last part of the service work, a report is automatically sent back to 'Will' in Australia and the employee is noticed.

In this case, the service request was undertaken at three different places, in different time zones, with a number of people undertaking parts of the service. However, the end user or customer perceived the service delivery as one. And the service was "travelling" due to one standard system within DNV for logging service requests. The service performance was undertaken locally at different places, and was channelled through the global system. Collective practices encounter with the individual knowledge workers here would be learning by doing, aligning efforts and supporting participation. However, the collective practices in themselves are developed through routines, supported by infrastructure and the actors knew how to be coherent and co-operative across borders being spatial, temporal and cultural. Furthermore, parts of the practices, for channelling the service

request was global, while there might have been certain local practices in undertaking tasks that were present.

Our interviews indicate that some knowledge workers might not embrace all the collective practices as enthusiastically or smoothly as this description might give the impression of. There seems to be two types of oppositions: one regarding the self sufficiency of work from for instance the Local Help desks, the other regarding ready developed ICT systems and tools coming from Oslo.

Following the activity of internal service performance shows that incoming problems request cooperation across borders being temporal, spatial and virtual, while being highly intensive on experts and teams. The collective practices of ICT support demand therefore several actors at play. The cooperation between different locations, cultures, actors and divisions is the reason why the service could be performed. Without cooperation, the problem would not have been solved. But what kind of governance is at place in order to achieve such cooperation? The organisational dilemma of central control versus local autonomy in relation to uniform quality raises the question of governance. What is governing when knowledge workers are cooperating across that many expert fields, structures and borders?

We believe there might be additional governing mechanisms than the formal organisational chart that are forming indirect mechanisms of rule. The question is not who decides, or whether the CEO is in charge, but *what* decides. What are governing? The collective practices of cooperation, the system and the language used form part of a network that seems to be governing individual activity. The knowledge workers or ICT experts were performing the work according to professional standards, expertise, personal judgement and will. As knowledge workers they were being self governed. However, they performed the work by following certain patterns of activity and cooperated like forwarding a problem to the next expert or teaming up with colleagues in order to solve the problem. In addition, they used different ICT tools and techniques that are forming part of the organisational "way of doing". The collective practices can thus be understood as patterns of activities that produce some degree of accountability and predictability. Hence, the collective practices in themselves form part of the indirect governance.

Furthermore, these practices are well supported by other tools. For instance, whenever a problem is solved, the person at the local help desk and the DNV employee is notified through the system. The system to handle incoming requests is named Marval. Everyone taking part in the service handling is dealing with and communicating through the system. It is rare that there are mail exchange or phone conversations between for instance local help desk, HDI or the expert groups since every action is done at the desktop, through Marval. However, internally at HDI or within the expert groups, communication and experience exchange is performed face to face, by phone or mail. Marval itself is a tailor made support system using English but with words and meanings that are unique to DNV. For instance a word such as “incident” will create full attention in Shanghai, Rio and Oslo.

The use of ICT, specialised language and tools take natural part of the collective practices of internal service provision. The system, the language and the collective practices have been developed and decided upon by the HQ. These techniques and tools are frames defining and governing how to perform the work. Indirectly HQ is governing the knowledge work. The power and control lies to a large degree in defining the conditions for knowledge work, and thus becomes indirect top-down governance. By being the resource and knowledge support staff for the rest of the organisation, it is possible to establish patterns of activities and practices that are governing both individual and collective action.

The example of ICT service support shows that the knowledge workers providing the support are governed by the collective practices, tools and techniques in the every day work. By using Marval, the common language, co-operating with colleagues according to the tasks to perform, they are following the collective practices. As a result, the knowledge workers are governing themselves using their expertise, and tools and techniques have impact on the work. By starting from the daily collective practices in ICT service support (incorporating knowledge, power, work and learning), we have shown that the different actors, the usage of tools and ICT systems are all in action.

5 Governmentality in management

Collective practices in DNVs IT Solutions are thus embedded with experiences, knowledge, learning and power-relations which have been exposed. The collective practices consist of historical related constraints and opportunities that are going back to either the becoming of such practices or to the decision to implement a tool supporting practice.

Since there are situational interactions in the service work practices, “governance” might be seen as negotiations, reconciliation and exchanges between people and between people and systems such as ICT. These negotiations might be sequences of different practices, or actions, what Latour calls programmes of action (1999). Furthermore, there are constant negotiation between the micro and macro level in the organisation – between the individual choice of action and the collective organisational practices. Such negotiations are visible when knowledge workers are hesitating between using their own competence, finding out relevant information to learn and solving the problem at hand by themselves or handling the problem over to colleagues or expert teams following the organisational practice.

Understanding which type of power that is in place might be helpful. A conventional definition of power could be summarised as how A influences B in such a manner that B does something he would not have done otherwise. In DNV, we are met with how rational the flow of services is, due to the collective practices. Both A and B, being the knowledge workers, understand the rationality behind the collective practices, the use of Marval and common language in order to provide employees with adequate solutions. The starting point is not a freely active A, more that things are understood as normal both for A and for B. The “normal” way of doing is accepted. When this normality, such as the collective practices is disputed and A needs to change the way, A starts governing the object being herself. The individuals are objects of power in self governance, while the expert groups are object of power following the collective practices. This unconventional phenomenon of power highlighting self governance and organisational collective practices can both be explained by using ‘governmentality’ (Neumann and Sending, 2003).

Foucault’s concept of ‘governmentality’ (1978) would here imply that the power of the organisation is embedded in the employees thinking and acting. Governmentality refers to activities or practices that concern the “private interpersonal relations involving some form

of control or guidance, relations within social institutions and communities and, finally, relations concerned with the exercise of political sovereignty” (Gordon, 1991, p. 3). The focus is on practices of governing, transcending the organisation as an entity, or the line management, to problematising, inventing and regulating domains of individual and collective behaviour (Miller & Rose, 1992). This does not mean that there is a domination of subjectivity, rather that organisational power and techniques have come to, and are dependent upon, “a web of technologies for fabricating and maintaining self-government” (Miller & Rose, 1993, p. 102).

As we have exposed both Marval and the language used are techniques that can maintain self-government. For instance, a knowledge worker, stationed at the local help desk, can through Marval learn all new and known solutions to upcoming problems and hence become even more apt in internal service provision. Governmentality is indirect governance, where a focal point is that employees submit to individualised self governance. There are positions of subject – normalised understanding of patterns of activity – that an employee would be expected to internalise in form of self-governing (Neumann and Sending, 2003). In this sense, there are then two power forms that are essential: the power to decide what is the level of competence, knowing and activities and the power to enhance employees to govern themselves (idem, s. 240).

Governmentality also entail that there are indirect mechanisms of rule that are enabling governance at a distance both in time and space. At DNV, the ruling mechanisms had nothing to do with place or time, rather which tools that were used and which practices that were followed. This lead us to an understanding of how governmentality is a type of governing relation between dominance and strategy, being connected to the reflexive – how employees are governing them selves and how tools and techniques of how to do, have impact.

The notion of governmentality implies that there might not be identifiable measures or factors influencing the service activities. Rather, there might be practices of action, which are following socio-political objectives even if it is not outspoken or conscious. For DNV and ICT support, governmentality would then be embedded in the practices and the knowing constituted in the practice. The activities themselves form part of governmentality through language used, practices of doing as well as moral conduct.

The interesting part with power analysis is how DNVs organisation hardly can be understood by starting with the notion of power connected to the management, the CEO or the board as sovereign authority. As we have exposed it is rather interesting to understand how legitimating and conceptualising the collective practices and techniques that together form a network regulating and governing individual activity, increasingly understands the knowledge worker as the object and subject of power.

It seems like the Knowing Concern would be where the employees are governing themselves and their own work, while the management needs to define the conditions and framework, within which every employee would take care of and governing themselves and their own issues. The modality of power is moved from the organizational level to the individual level without diminishing the power of the organization. In opposition, the HQ and corporate management have power and gain its sovereignty and are even more legitimized and effective through the fact that the individuals are governing themselves.

Power can then be understood as a popular Norwegian three headed troll (Neumann and Sending, 2003, p. 235) – one strategic (following strategy coming from the top management, the BA's, the CEOs and the board), one disciplinary (as the organisational collective practices), and one governmentality troll (as in self governance). With our case from DNV, we have exposed the heads being disciplinary and governmental.

Practices for social interactions and service work are changed with the use of ICT where the relations and interactions are virtual and asynchronous. These practices challenges the very understanding of what an organisation is and DNV is explicit in how virtual organising is necessary, while hard to manage regarding the formal line organisation. The line organisation with the BA's forms the formal chart; however, the functional DNV follows the practical path. The organisation is officially governed through the formal chart, while the factual governance is with those defining the collective practices.

In this respect, a functional management of international service firms can be seen through a rationality of governmentality, by analyzing the moral principles that are defining the organizational goal, the epistemological standard that are defining the objects being governed and the sets of techniques and practices that in different ways are governing and managing individual and collective activities.

6 Conclusion

We have explored the governance processes and practices in international service work based on experiences from Det Norske Veritas (DNV). Through our case, we have exposed how the collective practices are governing the organizational activities of highly knowledge intensive services provided by experts in multiple locations, divided by cultures and time zones, but still able to provide services with uniform quality. Using the notion of governmentality, the actual governance is situated in the collective practices notwithstanding the formal power structures. Furthermore, by using the notion of 'governmentality' we expose how the employees and their services are governed by the collective practices embedded in the organisation. These collective practices are seen as a result of the intimate connection between the decreasing role of direct governance over knowledge workers and the increasing role of indirect governance techniques embedded in tools, ICT systems and ways of doing.

From the normalised ways of performing, individuals and groups are both becoming objects and subjects of power. In this sense, there are two power forms that are essential to organisations: deciding the level of competence, knowing and activities and enhancing employees to govern themselves. Thus, the implication of our study is a different way to understand top management influence and power, observed as indirect top-down governance, over knowledge workers and their activities.

The contribution of this paper is two folded; firstly, by the discovery of a governance principle that identifies how the modality of power is moved from the organizational level to the individual level without diminishing the power of the organisation, secondly, by conceptualising such a governance structure.

The benefit to practitioners of a conceptualisation of how an organisation both can ensure accountability and predictability of the aggregate, and distributed, organisational activities, as well as enable self organisation opportunities for knowledge workers with desire for autonomy, might be suggested as effective tools for service performance.

Regarding future research, there are two obvious questions: Will our findings of governmentality be present when analysing other types of services and knowledge

organisations? Do services performed internally in an organisation have the same characteristics as external service provisions? In relation to DNV, we have a twin project exploring external service provision from two of the BA's to demanding external customers. The research teams have already been visiting India and Brazil in order to closely follow collective practices and interaction with customers. The preliminary data suggest that our findings from internal service provision bare resemblance to the external service provision, and that governmentality is present in activities involving customers. Historically, the different local collective practices and the supportive tools were adapted to the local needs and culture. However, there are clear indications that the collective practices are undergoing processes of standardisation. For instance the business and ICT tool SmartCert, facilitating certification, is equal globally in the organisation.

The use of ICT, and standardised tools and collective practices seems to be important for assuring uniform standard of the international service performance. However, "travelling services" might be contributors to standardise the work practices globally, with effects going beyond the organisation. This remains to be fully explored.

It has not been our concern to discuss whether governmentality is inevitable, or whether it has advantages or disadvantages. Our main concern is to highlight governmentality as power form in relation to knowledge work. The preliminary observations and findings at DNV suggest that governmentality may be a central power tool in international organisations. And we claim: It should be a growing concern what is deciding the knowing!

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