THE POWER OF POLITICS ON ORGANIZATIONAL LEARNING AND KNOWLEDGE CREATION

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ABSTRACT

In this paper it is argued that political processes, within and between organizations, need to be included in discussions about knowledge generation.

Acquisition of new knowledge is always associated with different interests from a variety of actors. The learning processes are to a large extent governed by political ideology, prescribing what is valuable learning and what is not. The research presented in this paper indicates that political issues, hidden agenda and closed networks tend to be present, in learning processes, deciding what the result of an innovation shall be, Kirkebak (2000). This influence what is being learned, and by whom.

This paper demonstrates how the power of politics manifests itself during the innovation process, as a division between the studied organization's core and periphery. In particular the dynamics between periphery and core in terms of power differences and whether actors or actor groups have a fair chance to get heard. The innovation process in this paper is studied both at the micro level at Peterson, and at the macro level as an industrial programme initiated by regional authorities, in the Ostfold County of Norway, to promote innovation and growth among a number of targeted industries.

Alvesson (2002) claim that 'even if power is not solely negative, the concept draws attention to how someone is being subordinated and shaped in accordance with a particular regular force, giving priority to certain interest and neglecting other' (pp. 122). Our research support this claim by focusing on the division that power of politics introduces between what we define as the periphery and core in the studied organizations. In all learning processes there will be partakers who have a personal interest in participating, and these persons have the power to decide what the content of the learning process should be, and thus influences what is being learned. This is what we can find it the actor-network-theory (ANT) (Latour, 1987; Callon and Law, 1982). Vital in the ANT is that actors construct networks to further specific viewpoints, and where the essence is the power play during construction of the innovation process. This result becomes a documentation of what actors had access to what resources during the innovation process (Levin, 2002). Nevertheless there are reasons to question if the politics of power is something old, that has always been

there and always will, or if it is possible to see traces of a new regime of power where knowledge and learning processes adds to the power of those who already know, the experts. Traces of a relevant reflection can be found in Engström's (1998) when he discusses whether Finnish judges is 'giving way to a new, emergent organizational model that relies on teamwork between judge, magistrate and law clerk' (pp. 202). Do we move towards the power of politics dominated by experts each being knowledgeable within their own field or task, inventing just a new power regime?. We claim that it is of importance to understand the conditions for knowledge generation, and how employees ability and possibility, to influence what is being learned, depend on the circumstances in which the learning process take place, what kind of people (their background, social class, position in the company, and how they are perceived by their environment) are part of the learning process. The argument for this is that, 'to reason, is connected to the position from which the social agent acts. Thus there is no difference between working out the move to score goal, as it is to work with a philosophical proposition from Wittgenstein. They simply occur in different contexts and have their own demands' (Webb, 2002: 140). We use Mårtensson (2000) perspective on knowledge management literature, to argue that with its strong focus on developing a streamline smooth organization where knowledge management is another word for strategy and measurement. Knowledge management becomes, according to Mårtensson (2000), a tool for administrating and facilitating the company's 'intellectual capital', and adds to the power of politics, rather than liberating a broad engagement from all employees reducing the power of politics.

INTRODUCTION

Fundamental for understanding the power of politics and how this influence decisions, is to acknowledge that power and knowledge are inextricably intertwined. Therefore power will influence what will be known and who will know.

A starting point for the authors analysis of power and knowledge is the three dimensions of power elaborated bye Lukes (1974), giving us an understanding that power may not only exist in an actual conflict, or when actors constrain themselves from raising certain issues because of different barriers, but also when people's needs and desires are shaped by power agents to make the outcome not to be in their real

interest, Klev (1993). Lukes (1974) identifies three dimensions of power are as follows:

1. In Lukes first dimension of power he sees a person A as exercising power over a person B in a manner that is contrary to B's interests.
2. In Lukes second dimension of power, power is something that suppress decisions and issues which there is an observable conflict of interest, typically when policies are formed based on what should be included and what should not be included.
3. In Lukes third dimension of power, he claims that control of knowledge is critical to the exercise power.

In Lukes' first dimension of power, focus is on behaviour in the decision making process, where it is an observable conflicts of interests between participation actors, to determine who wins and who looses in clearly defined issues. The absence of anyone in the debate, their non – participation is interpreted as their own apathy, not as a process of exclusion of the political process. Knowledge may be understood as recourses to be mobilized to influence debates and to create new knowledge.
However, little attention is paid in this definition of power to those who not where represented in the decision making process, nor how forms of power affected what types of problems come to be a part of the agenda.
Bacharach & Baratz (1970) criticized Lukes first dimension of power by arguing that this dimension has ha strong behavioural focus, in terms of identified human actors.
In Lukes' (1974) second dimension of power, power is something that suppress decisions and issues which there is an observable conflict of interest, typically when policies are formed based on what should be included and what should not be included.
In Lukes' (1974) third dimension of power he claims that control of knowledge is critical to the exercise power. Knowledge mechanisms as information control, secrecy, education, socialization, and the creation of political beliefs and ideologies become important to create an understanding of how the power operates.
This three dimensional framework of power has been a useful way of understanding power and knowledge creation. It focuses on all the various conceptions of interests, where the first two dimensions hold a view of interests as individuals.
In this paper we place emphasis on the power of politics during the innovation process and how it manifest itself as a division between the studied organization's core and

periphery. In particular the dynamics between periphery and core, in terms of power differences, related to actors or actor groups chances of getting heard.
To support our claims we draw on two empirical cases, both studied using an action research approach. The first case is a study of a large Pulp and Paper Plant, and the second case is a study of a regional industrial programme initiated by the regional authorities in Ostfold County in Norway to promote innovation.
In our discussion of these two cases we focus on how the power of politics within these organizations can be split into three important factors:

- Influences from individuals with power – certain individuals within the studied organizations dominate what ideas and values should surface. This contributes to uphold a division between the core and the periphery of the organisations, where periphery encompasses employees outside managerial functions. (Lukes' first and second power dimension)
- A political culture – dominating what can be said or not, including a policy of recruitment aimed at socialising the right applicants to an establish organizational culture (Lukes' second and third power dimension)
- Organisational ideology – is the formal strategies, routines and documentation that further the power of politics. In the hands of individuals with power, the organisational ideology becomes a strong enforcement of a political culture (Lukes' third power dimension)

Our epistemological basis for looking at the power of politics stems from the development within organizational literature during the 80ies and 90ies where we claim that the literature could be split in two traditions. In contrast to viewing organizations as structural solutions the thinking of the 90's was more about how to ensure the conditions for proactive knowledge creation. It was stated that the survival and success of organizations are not ensured through implementing structural and technological solutions in itself, but through building collective capability for change and innovation inside or across organizational borders in network (Senge, 1990; Nonaka and Takeuchi, 1995; Argyris and Schön, 1996; von Krogh, Ichijo and Nonaka, 2000). This was about focusing more on conditions and mechanisms for learning and creation of knowledge and change in the organization or network as a whole emphasizing a holistic system perspective and continuous everyday innovation (Levin,

2002). Thus the effort implementing learning capacity became a fundamental element for organization and management in order to use technology and human resources on a continuous basis. The big mantra, though, of the rapid growing commercial consulting business of the 90's was nevertheless to develop so-called generic solutions or general methods for OD-work in order to implement this capability for continuous knowledge creation as fast as possible (Rolfsen, 2000). In many ways, this has taken the same turn as the old BPR of Hammer and Champy (1993) and Davenport (1993), but now under the heading of Knowledge Management in which management biased experts are expected to design a strategic "knowledge structure" or to optimalize "the intellectual capital" as the main competitive asset (Drucker, 1993; Hamel, 2000). So the belief in the possibility for fast and easy implementation as in line with the structural view outlined above is still there. Nevertheless, central in is knowledge shift is the greater emphasis on tacit knowledge and practical know-how, organizational dynamics instead of stability and consequently continuous improvements of daily work processes instead of functions and roles or static organization maps.

This becomes the new challenge of organizational change and innovation efforts of the 90's, namely to arrange for change as processes of actionable continuous learning supporting small improvements in all parts of the organization on daily basis (Flood, 1993).

Due to the complexity of the field the overview list of modern literature on knowledge creation is not huge. The effort of studying in full the process of organizational change and innovation constituted by the processes of knowledge creation has obviously showed to be extremely time and resource demanding and consequently led to few empirical studies if any at all. To the extent that they are empirical, we argue that they are mostly referring to "example-cases" of companies that to some extent have succeeded with change and had an outspoken strategy focus on knowledge management. The overview list is thus limited to the six key contributions as shown in Figure 1.

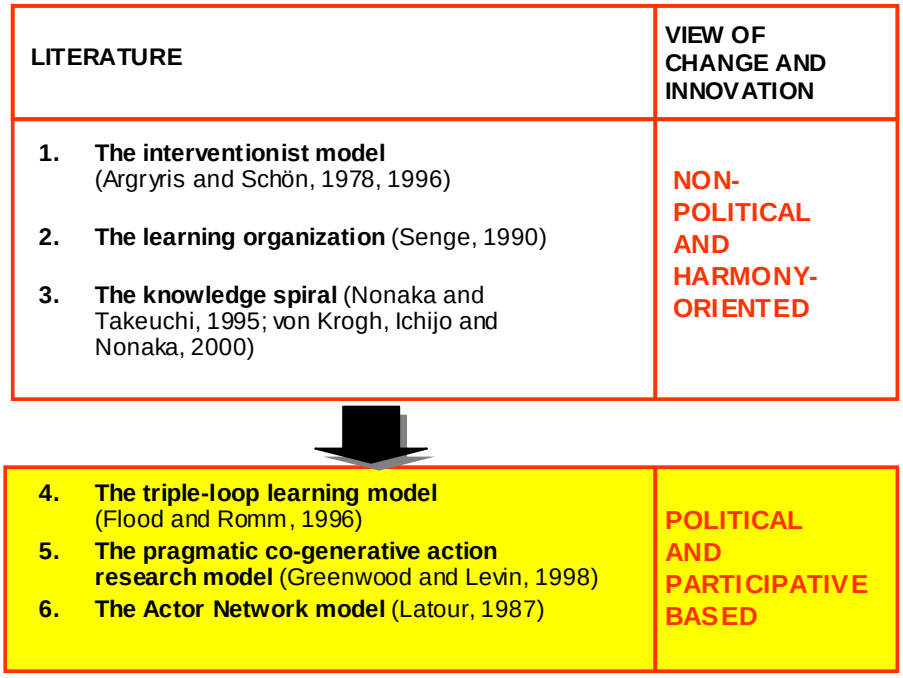

Figure 1 Six key contributions on knowledge creation and organizational innovation

The arrow in Figure 1 represents in a way the "direction" of our main argument for learning and knowledge creation where we argue in line with the political and participative based view of change and innovation as outlined in 'The triple-loop learning model' (4), 'The Pragmatic co-generative action research model' (5) and 'The actor network model (6). In our empirical data we will demonstrate how the power of politics manifests itself during the studied cases to promote innovation.

CASE 1: THE INNOVATION PROCESS IN A LARGE PULP AND PAPER PLANT IN NORWAY

In this case the data is taken from the doctoral thesis of Kirkebak (2000). The case is taken from Peterson Linerboard AS, a paper and pulp processing plant in Norway with approx 400 employees at the time of investigation. The main products were Kraft liner, Test liner, Fluting Paper and Corebord. The production volume was approx 330.000 tons/year, the turnover in 2002 was approx NOK 1.5 billion. To survive in an

ever more competitive environment the company realised that it was important to focus innovation to be able to offer new product in a turbulent market.
In the business strategy adopted by the Peterson focus was to develop products that could add more value than the existing ones, by using 1.5 % of the turnover on product development. The first step was to arrange a two days creative seminar with an external facilitator for idea generation. The participants in the creative seminar were the top management group and the middle management. The actors involved represented different opinions about the technological development of the plant. One of the main ideas that resulted from the creative seminar came from the managing director. He stated that the new product should be produced as simple and as cheap as possible and aimed at an existing large market and manufactured using a particular method in production. A certain sum of money was mentioned by the managing director that indicating the expected cost of the development phase. During the seminar the managing director decided that the resulting product ideas from the seminar should be kept confidential, both to internal and external actors. The managing director explained that the reason for this, if the company succeed with their innovation, was to prevent competing companies with a larger capital base to implement the results before them. Different actors at the seminar commented that it was unrealistic to believe that it would be possible to keep the development of the new product secret, until the final presentation in the market, since knowledge about the idea would be needed both by internal and external actors. Keeping ideas confidential, during a creative process, was according to the seminar facilitator something that he had never experienced before.
Shortly after the creative seminar it was stated in a top management meeting that the development of the new product should have top priority among different other R&D projects. The project group was given the task to do the market survey. However, it was denied direct access to the market to collect market information and it was stated that this was a task belonging to the marketing director. It was also stated that any discussions between participations in the innovation project and future customers had to be co-ordinated by the marketing director.

Establishing the project and Enrolling of actors

The first step in developing the main idea from the creative seminar was to define a project organization. The project organization consisted of a project group and a

steering group. The project group consisted of the development manager, two representatives from the sales/marketing department, two representatives from production and two from support. The steering group was identical with the top management. The layout of the project organization in this product development project is illustrated in Figure 2.

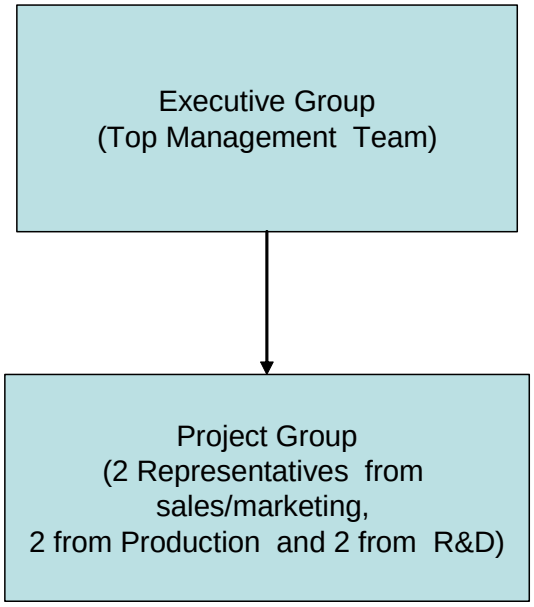

Figure 2: The project organization of the new project in Peterson.

In order to develop the first prototype of the product it was necessary to involve some external actors, because the company itself did not possess the technology necessary to produce the first version of the product. Two major chemical suppliers were enrolled. It was stated in an agreement between the two suppliers and the company to corporate in developing the new product quality. The top management at the company managed to successfully translate its interests to the suppliers regarding the importance of initiating a confidential knowledge transfer process to the company. This fitted the interests of the chemical suppliers to potentially gain advantages in the market. A secrecy agreement was signed. This type of agreement was not unusual for large chemical companies. It did not restrict their work very much due to the large internal network and the knowledge within their companies. The chemical suppliers looked at the secrecy agreement as a sign of commitment and interest from the company to go for the project. The suppliers decided to allocate time and resources for the project and a large sum of money was used on the technical trials.

Controversies about the relevance of the project

As the project proceeded it became obvious that top management showed a reduced interest in the project. Part of the management team signalled that it was thinking of another technological development. This change of interest in the project from part of the top management team was not communicated to the network of cooperating parties, who still thought that the company still was committed to the project. From the start of the R&D phase to the termination of the project, there was only one meeting in the steering group and one presentation of the project in a strategy meeting. This lack of interest from top management in the project had been manifesting itself throughout the project due to, lack of feedback on progress reports, which at periodic intervals had been sent to the top management.

Control of main communication channels

Top management decided to stop functioning as the steering group in the project. Then the top management decided that the responsibilities of the steering group should be taken over by their newly employed technical director. The new technical director was also a member of the top management team, and as new employee in the company he had no previous knowledge of the processes behind the development project. The first decision the new technical director made was to reduce the number of members in the project group to three, resulting in further closure of communication channels. Now the project group consisted of the development manager, one employee from sales/marketing and one employee from production. The project group was instructed to communicate information related to particular issues in the project only through the technical director, in this way he made himself and obligatory passage point for information in and out of the project. Consequently these developments led to a restriction in what communication channels were open to the project group. For the project group it was only possible to communicate directly about the project using the following channels:

- Could communicate internally in the organization, but restricted to what was considered needs of necessity communication. It was the technical director that decided that communication should be restricted to necessity basis. As a

consequence the potential users of the new technology were not involved in the project

- Could communicate with external partners with signed secrecy agreements. This cooperation functioned very well, but there existed binding contracts with these partners that restricted who and what the project group could talk with them about. A strong network was established between the chemical suppliers and the members of the project group.

The technical director communicated directly with the machine suppliers at the management level. He handled the important task of calculating the equipment costs and possible increase in added value as a result of the project closely cooperating with the financial department at the company. In this way the technical director made himself an obligatory passage point and in this way decided on the success of the project.

Settlement of the controversies through termination of the project

The first figures of the installation costs were known nearly half a year before the project terminated. A milestone report was made and distributed to the top management team. The feedback was positive. The message to the project group was to continue the work. The project manager was sent to USA to learn more.

Later the project manager was invited to a meeting together with the management group and actors from a subsidiary company. The purpose of this meeting was to discuss further progress in the project. However it turned out to be a meeting different from what the project manger had expected. The managing director announced that the project was to be terminated due to high costs and the high risk involved. The project manger was accused of having done a poor job and for keeping too much of the project information secretly. The administration and the marketing department argued that not all sides of the project had been investigated, and that important information had been held back.

Neither the technical director nor the project manager was prepared for the decision to terminate the project. There had been no open communication related to termination of the project among relevant actors. Thus to the project manager and his team this decision seemed unreasonable.

Decision Processes shaped by the Organizational Culture

How could the developments in the development project take place? Was it the normal way of working in this company? A description of the company is given to contribute to some understanding why this can take place in a modern company.

The company was founded in 1801. The industrial operations began in 1883 and for 7 generations it was run by the same family. The company is one of the oldest companies in operation in Norway. It is not on the stock market. The company has always been a key company in its region. There is a lot of history connected to the company in particular the important role the company played during the Danish-Swedish conflict in 1814. At this time in history Norway was in union with Denmark and had been for four hundred years. In 1814 during the Napoleon wars in Europe Sweden was about to invade Norway. This crisis led to a negotiation between the Sweden and the Danish Crown Prince. The Danish Crown Prince was living in the main building of the company, while he was negotiating with Swedish representatives. This historical background created a culture at the company with a strong focus on its roots and on the history role the company once had played.

Another important development in the history of the company was the thorough investigation of the employee culture done shortly after the Second World War by Sverre Lysgaards (1991). In his book "The worker's collectivity", based on research at the company in 1954, he described how insecurity, a reduced work democracy and pressure in the work situation could partly explain the socialization of the workers against the company. Lysgaard (1991) interviewed a total of 252 persons from different departments in the company. Lysgaard (1991) points out how the workers regarded employment as a privilege, and yet this employment put a strain on the workers through the instability, one-sidedness and unendurable technical/financial system.

As a consequence of these employment challenges a collective organizing system was established as a buffer to protect the employees against the company. The work collective that was collected reflected the workers' desire for safety, power and honour, which were not possible for them to achieve as individuals in their regular technical / financial roles. The collective could be understood as a principle of control, where nobody should obtain special advantages at the expense of other workers. There should be no difference within the collective regarding each worker's relation to the

company and to superiors. The collective system was a value and a role system, with an informal character.

According to Lysgaard (1991) the development of a work collective could be explained by several factors. The workers way of interpreting problems, how they identified themselves and how they interacted were defined in their development of a collective system. Lysgaard (1991) claimed the employees felt split between the demands and control executed by management, and the requirements of group loyalty to other workers. When conflicts occurred the consequence was that there were two groups in the company that talked against each other, the employees versus the management.

These developments contributed to the development of an organizational culture based on a division between the white collar people and the workers situation at the company. It manifested itself in a clear identification of themselves i.e. the workers as "us" and of the white collar people as "them". This create divide between "us" and "them" in the organization was indirectly supported by the piece rate system used by the company, since this wage system only applied to the workers. The use of this wage system often created conflicts and irritations in daily working situations.

Despite the fact that Lysgaard's(1991) investigations was done so many years ago, the time that has passed has not to a large extent changed the fundamental ways in which this company functions. As our case shows there still exists a strong political culture, many levels of the organization, a strong functional splitting of the work, a reduced risk orientation, a closed communication structures and a short term thinking in R&D questions, opening up for use of power at different dimensions.

On use of power in the project

Case I illustrates how power was used to uphold a division between the core and the periphery in the organization, signalling mistrust to the employees. Use of power was supported by the organizational ideology at the company. The top management obviously believed that the employees could not keep secrets about the new product development, and accordingly put restrictions on the information flow by avoiding certain topics to be mentioned either in oral or written form. A part of this was to keep the business strategy, Porter (1998) secret to the employees.

What consequences did the massive use of power and secrecy do to the company?

- The top management group had created the business strategy, Porter (1998) and was the only one having substantial knowledge about it. This opened up for different versions of a strategic plan based on rumours and the employees own conclusions and loss of a unified direction regarding R&D in the company, (Lukes third dimension)

- The management was strongly controlling the project through control of the communication channels, (Lukes second and third dimension) Decisions were seldom documented, making it difficult to know where decisions originated from.
- The secrecy regarding this project limited the knowledge which could be included in the project, (Lukes second dimension)
- The project used recourses on how to keep the project secret instead of putting focus the R&D work (Lukes second and third dimension)
- Some employees had to be involved in the R&D work, tests samples were stored in the paper mill, and therefore it was difficult to keep the R&D work secret.
- The secrecy around the project, trying to uphold a division between the core and the periphery in the organization, created a poor working R&D environment at the company
- The project was made responsible for negative consequences of management use of power (Lukes third dimension)
- To external partners it was a signal of a strong company commitment to keep the development of a new product secret

The case above illustrated massive use of power in all three of Lukes'(1974) dimensions. All three of Luke's power dimensions were actively taken into use in the project. The actual culture and ideology at the company made it possible to strong individuals to use direct power (Lukes first power dimension) to uphold a division between the core and the periphery of the organizations, where periphery encompassed employees outside managerial functions.
The use of power in the actual project put extra stress on the product development work resulting in a reduced successfulness of the R&D work and a frustrated work environment.

CASE 2: FROM A STUDY OF AN INDUSTRIAL PROGRAMME TO PROMOTE INDUSTRIAL INNOVATION

In our second case we have done a study of an industrial programme, the Ostfold Industry Programme (OIO), aimed at promoting innovation in Ostfold County in Norway to respond to a decline in jobs within the industry. This industrial programme took place between 1993 and 1999 and through this period 364 different projects were carried out within different companies in the County. Our investigation of this programme is based on interviews with central actors within the programme and studies of written materials produced by the programme.

The Ostfold Industry Programme (OIO) was initiated in 1993 by the regional branch of the Norwegian Federation of Trade Unions. The Trade Unions was concerned about the high loss of jobs in the industry within in Ostfold County, located in the south-east part of Norway the region, from the 1970s to the 1992 the number of employees in traditional industry fell from 36.000 to 19.200 employees. To meet the negative industrial development the leader of the regional Trade Union contacted the prime minister's parliamentary secretary. The prime minister's parliamentary secretary had a few years before established an industrial programme in another region of Norway to counteract a negative economical development. In this way the OIO programme found support in the Labour government lead by the Prime Minister Gro Harlem Brundtland. As a result of the contact between the prime minister's parliamentary secretary and the regional Trade Union leader the OIO programme was initiated. The OIO programme was meant to work as a strategic process aimed at increasing the industrialization in the county focusing on the food industry, paper and pulp industry and chemical industry. These three industries represented industries with long historical roots in the county.

Enrolling of actors to the programme in the initial phase

At the start-up the OIO programme it was run by the prime minister's parliamentary secretary together with three representatives from the division of industry at county authorities. These persons became the project group in the OIO programme.

The county authorities were involved in the OIO programme through a political composed steering group, headed by the county executive. The representatives of this

steering group was identified by the project group and came from the regional branch of the Trade Union, the Norwegian Employers' Confederation and from companies representing the targeted industries. The steering group had to report to the chief administrative body of the county. In reality it was the chief administrative body of the county that formally was the project owner. The organization of the OIO programme is illustrated in Figure 3.

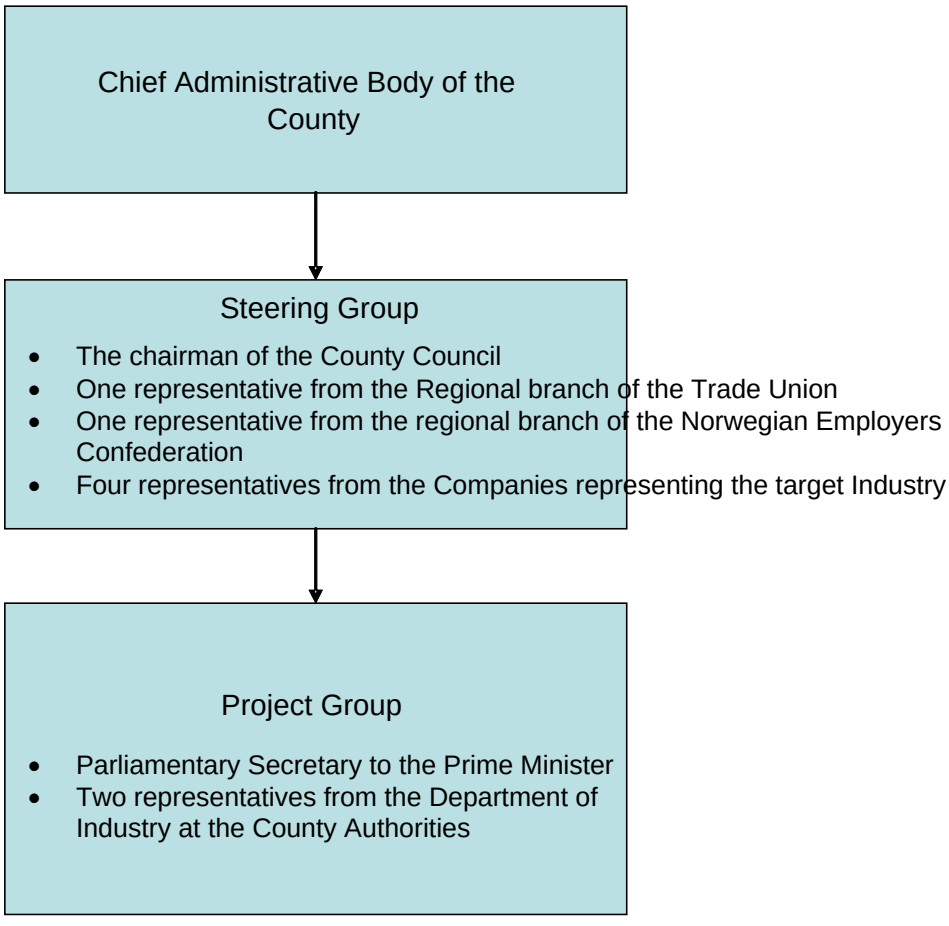

Figure 3: The project organization of the OIO programme.

The first aim of the project group was to establish the OIO programme in the county and involve local actors. To identify who should be involved in the OIO programme the project group decided to do an investigation among a selected few companies in the region. The purpose of this investigation was to identify companies with a certain size and a growth potential in order to identify what projects should be done in what companies to promote economical growth. Our empirical data shows that the prime minister's parliamentary secretary had a keen interesting in identifying companies with leaders who thought differently and was particularly interested in innovation. Having finished a telephone interviewing round, the project group of the OIO programme, pointed at the process and food industry as those to be targeted.

The selections of industries represented in the steering group were not accidentally, but chosen from the traditional industry that over centuries had shaped the industrial culture in the Labour Party and the Labour Union. In this way the industries represented in the steering group, came to uphold a division between the core and the periphery. By selecting only a few industries as target for the OIO programme to promote industrial development and innovation, these came to represent a core of the industries in the region. All other industries present in the region would then be left out from the OIO programme and these then would be considered as the periphery or peripheral industries. In this way the project group exercised power by deciding on who to include and who to exclude. It is also questionable if those representing the core was the most innovative, since our material do not show any criteria of innovation was used to select the most innovative companies.

Controversies appear at projects start-up

At the first meeting in the steering group of the OIO programme a document was presented to the members. In this document it was identified what projects should done within the core industries. In this meeting the representatives from the different

companies involved in the steering group did not feel an ownership to the strongly politically organizing and management of the projects. They felt that decision related to what projects to run in the different companies was done in an undemocratic way. Questions were raised if the projects defined by the Trade Union were the right ones. The objections from the company representatives in the steering group led to a crisis where the representatives refused to accept the way forward with the OIO programme. Consequently the steering group decided that it was necessary to evaluate the OIO plan, before proceeding with any of the projects.
An evaluation of the OIO plan was made by a regional research institution. The main conclusion from the external evaluation was that the projects were not related to problems and challenges within the industries, but was more concerned with conditions for improved central and regional political processes and infrastructural tasks (Aarvak, Berntsen, Callisen, Kroken, 1994).

Settlement of Controversies through the Creation of a strategic plan and translation of interests

As a consequence of the critic and the external evaluation of the plan for the OIO programme a broader strategic process was launched. This strategic process had a much broader participation from the partnership consisting of the county authorities, representatives from the industry, the Labour Union, the Norwegian Employers' Confederation, Innovation Norway (a governmental organization aimed at promoting innovation across Norway in all mainland industries) and Ostfold Research Foundation. As a result of this new process four strategies for the OIO programme were established:

- Strengthen the competence in the industries. Stronger requirements to increased competence within the regional authorities. The focus should be on the needs of competence in the companies involved in OIO programme.
- Industrial development in new and existing companies. Stronger requirements must be put on the regional partners, in the steering group, must play a more prominent role in supporting local industrial programmes.

- Change the image of the Ostfold County focusing on branding the county from an traditional heavy industrial county to a more modern industrial image.
- Increased cooperation both in the industry and regional authorities.
- Through communication – and network building the OIO should create an exciting basis for a positive process between the public sector and the R&D environments in the county.

These four strategies should guide all activities and projects.
In the strategy document it was stated:

"*This strategy document is a completely 100% loyal product in relation to the common conclusions this process is drawing. The process is going to motivate to a broad participation to realize the OIO"*.

An external project manager was employed. The project should be run according to an organizational model separated form the operational organization of the county authorities, with a majority of project members from the industries the OIO programme was aimed at. The project group should be reporting to the board of the regional authorities, that still was the owner of the project.

Conflict of interests during the practical accomplishment of projects

By putting a strong emphasis on the four identified strategies that should guide what projects should be done within the participating companies, there was little room for new projects ideas from the companies. Those companies that actually were targeted to do projects had to apply the OIO for money, and were evaluated by external consultant based on their ability to accomplish the project. The companies that was granted money was followed up during the R&D and implementation phases both by external consultants and by the project group through direct meeting and status reports. In this way it was possible via strong control mechanisms to achieve a high degree of the OIO goals. Each time a project was presented to the steering group a particular procedure was followed. This procedure started first with a presentation of the project, then a presentation of the project method that all project leaders participating in the OIO programme had to comply to. The decision to use this

particular project method was taken in the OIO project group. By using a particular project method that was unfamiliar to the companies participating in the OIO programme, this project method introduced much bureaucracy and additional work for the company. In some instances both the project and the project method were forced upon the industry as a condition to participate. The consequence of such a strong procedure regime was that some projects failed due low engagement in the companies and lack of ownership.

Lacking use of Local Knowledge

One of the methods used by the project group in the OIO to control projects and participants was the constant use of external evaluators to judge projects before they were granted money, and to follow them up when they were up and running. This enabled the project group of the OIO to keep a tight control with how projects proceeded and also enabled them to stop projects before they collapsed. Another drawback up this strong control was that OIO used a lot of external evaluators from other parts of the country with little or no local knowledge. From a regional perspective this came to represent a transfer of knowledge to other places and persons, and did not promote the build up of local industrial knowledge within regional competence centres and actors. Consequently local actors criticized OIO for too little use of local knowledge in the projects and for supporting only the larger companies of the region.

DISCUSSION

A common element that strikes us, in both of the discussed empirical cases, is how those at the core decide the content of policies. The core is represented by individuals with high positions, large responsibilities and decisional authority. We demonstrate that long before projects of innovation are implemented, whether they are on a micro or macro level, their outcome and possible therefore also their results, has been decided. Part of the explanation, we have found, is how the core has the power to decide who to included and who to exclude. The power of politics thus encompass the possibility to use ones position to decide who should be included in organizational

processes and have influence on them, and who should not. In this way certain interests are promoted at the cost of others. This is in accordance with what Alvesson (2002) claims that subordination and shaping of people, happens as a result of giving priority to certain interests and neglecting others.

In this paper we define power according to Lukes (1974) three dimensions. His dimensions present three different types of power, in our cases we have illustrated how his second and third dimension, is a prerequisite for exercising power according to Lukes (1974) first dimension. We have shown that an integration of all these three dimensions reinforces the execution of power. Our data from Pulp and Paper Plant demonstrates that the display of power to a large extent happened behind closed doors. These types of hidden decision were seldom documented by the company adding further power of those who already knows, and who is in a position where they can execute power.

It is clear from reading case 1 from the Pulp and Paper Plant that the restriction put on the project group regarding taking customer contacts was done by the management to influence the project network through *control of the communication channels.*

This shows that it was the internal project group that felt the main effect of the restriction in communication, with difficult working conditions from time to time as a result. The focus in the project group changed from gaining as much knowledge as possible, to what kind of action could be taken *to keep the secrecy* within the company and from external actors. In the Pulp and Paper Plant the consequences of the massive use of power and secrecy result in suspicion and distrust, towards the company's strategic plan and subsequently loss of a unified direction regarding R&D in the company. This is a display of the power of politics as a result of suppress decisions and issues due to a conflict of interest in line with Lukes (1974) third dimension of power. In addition the management's strong control of the project was done by restricting communication and not documenting decisions. The latter of course was another tool for creating confusion and insecurity, since there would be no document to backup decisions. Distribution of knowledge to the projects group, necessary for them to operate with consistency, was hampered by the top management policy to keep things related to the project a secret. Consequently much of the resources needed in the project was use to follow up the decisions related to secrecy instead of R&D work. This demonstrates once again how conflict of interest causes suppression and secrecy and how control of knowledge is critical to the exercise power. All of these

elements are in line with Lukes (1974) second and third dimension of power. But secrecy could not be completely upheld since important employees were needed in the R&D work to develop test samples, making it difficult to keep it a secret. The secrecy around the project, trying to uphold a division between the core and the periphery in the organization, created a poor working R&D environment at the company. The project was made responsible for negative consequences of management use of power. This demonstrates how power of politics and control of knowledge goes hand in hand in accordance with Lukes (1974) third dimension. To external partners it was a signal of a strong company commitment to keep the development of a new product secret. In the final project meeting at the Pulp and Paper Plant, where the decision to terminate the project was taken, nobody was interested in discussing details, but remained as input / output relations. The settlement of the controversies was made based on black box closure mechanisms (Latour, 1987).

The OIO programme seemed to develop towards a more democratic process. However the regional authority was taking both direct and indirectly power mechanisms to control the process. We have in our presentation of case 2, the OIO programme, not discussed the effect of the conducted projects, mainly due to poor evaluation methods. Part of the reason for this was that the OIO programme had not at the start up identified any evaluation criteria for their projects, in addition the period of the OIO programme took place during a time when the global economy was boosting which also influenced the industrial development in Ostfold county positively. By using a particular project method that was unfamiliar to the companies participating in the OIO programme, this project method introduced much bureaucracy and additional work for the company. In some instances both the project and the project method were forced upon the industry as a condition to participate. The consequence of such a strong procedure regime was that some projects failed due low engagement in the companies and lack of ownership. By adopting a strong procedural regime for conducting projects the county authorities was given a tool to exercise power indirectly and control projects and their outcomes. We define this as an indirect way of power execution, because the county authorities controlled all those central actors that should participate through their application of a particular project method. In this way the county authorities used power to suppress projects and participants that would cause conflicts and this is an example of Lukes (1974) second dimension of power. In the OIO programme a particular project method was adopted to be used when projects

were carried out. This method enabled meeting with different branches, reference groups, and initiating of horizontal and vertical networks, to break down the complexity and create a closer integration between different companies involved in OIO. But applying this method also had some negative consequences. The project method enabled a socialisation of those participants that initially were invited as participants in the OIO programme. In the OIO programme, the county authorities in Ostfold, through their executions of a new project method, developed a new organizational regime consisting of those who had been socialised into participation. This is in line with Engström's (1998) discussion of how a new emergent organisational model develops between various actors with apparent distinct tasks, backgrounds and understandings of their own roles, where all were part of the same organization, but only having common that they participate in the same practice. In this way socialisation of actors to comply with a certain practice and method is a way of executing power in a more subtle way, by applying a rather objective tool such as a method or procedure, but where the gain is more control and power to those who already holds it. In addition by adopting a neutral tool such as a projects method, it appears as if decisions were made through consensus and in a democratic way.

As shown in our case description of the OIO programme five identified strategies defined should guide what projects should be done in the OIO programme by the participating companies. Any project that did not fit within any of these five strategies would not be included in the OIO programme in this way there were little room for new projects ideas from the companies. The individual need and requirements from the companies were not taken into account this is in accordance with Lukes (1974) second power dimension. The way the OIO programme was organized companies that applied for project money, and were evaluated by external consultant based on their ability to accomplish the project. The companies that was granted money was followed up during the R&D and implementation phases both by external consultants and by the project group through direct meeting and status reports. In this way it was possible via strong control mechanisms to achieve a high degree of the OIO goals. In some instances both the project and the project method were forced upon the industry as a condition to participate. This is an example of Lukes (1974) first power dimension, where a body with power, A, exercise this over another body, B, in a manner that is contrary to B's interests. As a consequence some projects failed due low engagement in the companies and lack of ownership.

The OIO programme is an example of how a regional authority could initiate a development program as a part of its ideology. The OIO programme was anchored at the board of the regional authority, making the most powerful political power of the county responsible for the programme. In this way the power of politics is firmly placed in a political body that have the authority to control the development process from start to end though continuously building new alliances and utilizing different translation strategies, at their own discretion (Latour, 1987). It is our claim that research within knowledge management need to acknowledge that the tools we use and the actors we involve during innovation processes determine the outcome of such processes. In line with Mårtensson (2000) we agree that knowledge management literature, with its strong focus on developing a streamline smooth becomes, a tool for administrating and facilitating the company's 'intellectual capital', and adds to the power of politics, rather than liberating a broad engagement from all employees reducing the power of politics.

CONCLUSION

In this paper it is argued that political processes, within and between organizations, need to be included in discussions about knowledge generation. We have trough a discussion of two different empirical cases demonstrated how acquisition of new knowledge was associated with different interests from a variety of actors. In this way the learning processes were governed by political ideology, prescribing what was valuable learning and what was not. The research presented in this paper indicates that political issues, hidden agenda and closed networks tend to be present, in learning processes, deciding what the result of a learning process should be. We claim that it is of importance to understand the conditions for knowledge generation, and how employees ability and possibility, to influence what is being learned, depend on the circumstances in which the learning process take place, what kind of people (their background, social class, position in the company, and how they are perceived by their environment) are part of the learning process. Only by being attentive towards the power of politics and how this manifest itself it is possible to conduct more democratic and open innovation projects.

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