Through the distorting looking glass
of modern management theory

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If man is not to do more harm than good in his efforts to improve social order, he will have to learn that in this, as in other fields where essential complexity of an organised kind prevails, he cannot acquire the full knowledge which would make mastery of the elements possible.

F. A. Hayek, 1974

1. House of mirrors

In this paper I assert that there is something fundamentally flawed and distorting in the mainstream assumptions and theories of management and organisation, and in the practical application of these in what I call tool-based management (Petersen 2007).

To illustrate the problem, think for a moment of the flawed, distorting mirrors that may be found at a fun fair. One mirror may show a person as a small fat individual with a bulging middle part and very short legs, while another mirror may show the same person as a thin individual with a long lean body, albeit perhaps with a very large head, or some other part made prominent.

I believe that modern management theories work like such a house of mirrors, reflecting rather distorted pictures of management, and of us.

In the first part of the paper I shall point out some of these distortions and attempt to answer the question: How do the distorted reflections influence management practice and the people subject to this practice? Then I shall attempt to explain why so many fall prey to these distortions, disregarding their own knowledge and experience. In the final part of the paper I shall attempt to construct a corrective to the distorting mirrors of modern management theories.

1. The view of ourselves

The view we see of ourselves in one of the more prominent mirrors does not seem very flattering. It shows us as being motivated only by a sophisticated form of self-interest in all our actions. What we see is the so called REMM reflection (Jensen and Meckling 1994). In this mirror the most prominent features reflected show us to be Resourceful, Evaluative, and Maximising Models of man.

In short we are shown as smart, but unscrupulous maximisers, ready to use every loophole available to our own advantage, and trade everything in order to maximise our own satisfaction. It is only a question of price. We can be bought. We are willing to give up anything we value, if we can just get enough of something else we value.

This means that we are not to be trusted, neither as managers nor as mere employees. The only thing that we could be trusted to follow would be our self-interest. The implication of accepting this

distorted view would be that we would be inclined to act and react as if this was a true view.

This is for instance what may have happened in the public sector. Le Grand (2003) describes how the view of those who work in the public sector in the UK has changed from a view in which individuals were seen as motivated by altruism, acting like knights as it were, to a view in which individuals were seen as motivated mostly by their self-interest, and thus acting like knaves.

Thus in order to achieve a common purpose outside our self-interest we would either have to harness this self-interest – or create incentives that would appeal to this self-interest.

One way to harness our self-interest would be to rely on the conditions of an explicit contract, specifying what we have to do and what we have to achieve. That would be a kind of legalistic solution (Sitkin and Roth1993). In order to make sure that the conditions of the contract are fulfilled, some kind of control is necessary, and presumably also some kind of sanction to be carried out, if the conditions of the contract are breached.

All such behavioural rules, unlike some rules of formal systems, are necessarily indeterminate. They will leave much open. Even the most detailed rules and procedures cannot specify in all detail what action one is to take. Rules are always underdetermining action. This together with the impossibility of achieving a very detailed control system, means that in effect the attempt to control the behaviour of individuals driven by self-interest will not succeed. Instead they will act in a REMM-like fashion. They will not be looking to the purpose of the regulation, but to the wording of the rules in an attempt to find loopholes that can be exploited.

This means that regulation does not necessarily promote a responsible attitude in individuals, it may only force them to look responsible. The attitude of REMM-like decision-makers in business might actually become less responsible. Thus in practice leading to a system of distrust and control (Sitkin and Stickel 1996).

Alternatively some kind of incentive scheme might be used to align the interests of members of an organisation or a society. The conditions for getting this incentive might of course be more or less explicitly specified in a contract and a set of measurable objectives.

An example of such a scheme could be executive compensation. Basing those compensation schemes on the achievements of the company over a limited time period, measured by growth in turnover, profits and/or share prices, is assumed to motivate management to greater efforts. Frey and Osterloh (2005) argue that performance pay schemes for managers provide managers with incentives for creative manipulation of the criteria used to measure performance. They even suggest that such schemes could lead to fraudulent accounting in order to fulfil the criteria. The recent examples of fraudulent stock options back dating in order to achieve a better outcome may indicate that Frey and Osterloh are right.

The problem with both harnessing schemes and the many different incentive schemes is thus, that they make us behave like the distorted reflection in the mirror. Distortions that lead to a furthering of self-interest and distrust, crowding out otherregarding interests and trust and creating the need for even more rules, controls and incentives.

2. Intelligent design?

The term intelligent design may today often be taken to denote the idea, that behind all the complexity that we can observe in the world, there must have been a supernatural designer, a God. Today, we seem to have taken over that role from God, in the belief that man can act as the intelligent designer. This is how I see the attempt to control the future through our own intelligent designs and the use of sophisticated tools.

In "The Quest for control" van Gunsteren (1976) described some of the attempts to impose a kind of cybernetic order on social processes using intelligent planning and sophisticated tools. In a series of counter arguments, he showed that it is impossible to gain this kind of control over the future.

More recent attempts to gain control over future using intelligent designs include the use of tools like business process reengineering, ISO-9000 standards, six sigma, total quality management, balanced scorecards, performance management, lean management and knowledge management.

Overall the quest for control manifests itself in the focus upon: Explicit goals and plans; Complete description of all activities; Use of standards and tools; Achievement of tangible results; Measurements, evaluations; Corrections to achieve goals.

This focus is found in the public sector too, where it is part of the collection of ideas and theories grouped under the name of New Public Management or NPM (Hood 1991, Osborne and Gaebler 1992).

Universities might for instance specify precise goals, like the number of refereed scientific publications per researcher and year, the amount of external financing, the number of students, the number of exchange programs and so forth. Objectives like these may be found in recent Danish university development contracts. The remarkable thing is that these goals seldom if ever relate directly to what must be the overall purpose of a university. Overall purposes are relegated to the flowery language of vision and mission statements.

One can only guess what this means in the long run, but it is reasonable to assume that employees will find it easier to toe the line and orientate their efforts towards the more explicit goals, even though they themselves may wish to strive to fulfil a vague but important purpose. "Cycles of research have changed in favour of publication in prestigious journals rather than books. Scientists are changing research habits, and a whole menu of activities for which performance measures have not been devised have ceased to have official value." (Power 1997, p.100).

Modern management apparently has not learned the lesson. It's tools are characterised by a clear tendency towards algorithmisation and documentation, a tendency to specify in 1:1 detail exactly what one is to do in given situations.

Still, no matter how much energy and effort is spent on the attempts to give a full description of all the processes somehow regarded as important, the attempt to create quasi-algorithms for every aspect of a business or a public organisation will turn out to be futile. In fact, one may expect that every attempt to give a precise description of what to do, by whom and when, will turn out to be indeterminate, in the sense it will never be sufficient to determine precisely what to do.

It is worrying to see how close the demands for control found in modern management theories and tools are to the descriptions used to diagnose autism (as found in the Diagnostic and Statistical Manual of Mental Disorders). It confirms the suspicion that modern theories of management show a very disturbing reflection of what management is about. A reflection that must have consequences for the practice of managers who believe in this reflection.

3. Managing the metrics and achieving arbitrary goals

Advanced societies have become obsessed with quantification. In "Trust in Numbers" Porter argues: "Strict quantification, through measurement, counting, and calculation, is among the most credible strategies for rendering nature or society objective." (Porter 1995, p.74). Objective is a key term, with numbers we can distance ourselves from the vagaries of just verbal statements, subjective opinion, and ineffable knowledge.

This must be seen as an important part of modern ideas of performance management. In a publication issued by the Danish Ministry of Finance the connection between clear goals and measurements is emphasised: "In the strategy for effectiveness the department can describe how the proposed clear goals can be accompanied by scales of evaluation or success criteria, that will make it possible unequivocally to evaluate whether the institution has lived up to each of the clear goals." (Finansministeriet 2004, p.15). In essence forcing it to focus narrowly on the achievement of the explicit goals. Perhaps showing that "audits work because organizations have literally been made auditable" (Power 1997, p. 91).

The demand for quantification has become a maniacal rush to quantify more and more aspects of our lives, a cult of quantification, an "audit explosion" resulting in an "audit society" (Power 1994, 1997). Others emphasise the performance measure part and talk of a "performance measurement society" (Bowerman, Raby and Humphrey 2000).

An example is the elaborate star rating system used by the Department of Health in the UK. The system is too complicated to go through here, but an illustration of some of the key target indicators

used will suffice. Table I shows the so called thresholds for "Key Targets", to be used in a rating scheme awarding the Acute & Specialist institutions 0, 1, 2, or 3 stars.

Table I Key targets

Indicator Name	Threshold for Achieved	Threshold for Underachieved	Threshold for Significantly Underachieved
12 hour waits for emergency admission via A&E post decision to admit	100.0%	Greater than or equal to 99.5% and less than 100.0%	Less than 99.5%
All cancers: two week wait	98% or more	Greater than or equal to 95% and less than 98%	Less than 95%
Elective patients waiting longer than the standard	0.03% or less	Greater than 0.03% and less than or equal to 0.15%	Greater than 0.15%
Hospital cleanliness	3.0 or more	Greater than or equal to 2.0 and less than 3.0	Less than 2.0

Source: http://216.239.59.104/search?q=cache:LW5rmO34SRgJ:ratings2005.healthcarecommission.org.uk

Several aspects of such elaborate systems of measurement are problematic (Petersen 2000).

There are problems related to the goals. Do they adequately reflect the overall purpose, in the above case for the acute and specialist institutions? If we know nothing or only very little about the relations between the aspects we can measure and the overall purpose we may in fact find that the measurement may be both counter productive and distorting, in as much as they may have a negative influence on those subjected to this kind of measurement.

Do the indicators and measurements reflect all the relevant aspects of the goals, or has it been necessary, due to difficulties of direct measurement, to use substitute measurements that may have high reliability but an unknown validity.

In an evaluation report on the work of the National Audit Office of Denmark a few years back similar problems cropped up. "An emphasis on methods that rest on facts and results, that are reliable, but not relevant, can bias investigations, in such a way that one does not investigate those aspects, that demand the use of interpretations and valuations, whose reasonableness depends upon the relationship with other arguments, experience and common practice." (Petersen 2004).

There are problems related to the measurements as such. What kind of knowledge guides the overall construction of the scales? How are thresholds and cut off points set? How does one add waiting lists, treatment quality, and hospital cleanliness together into a compound measure that may place the institution into a star category?

Most important in our discussion though are the problems related to the effect of such measures upon the actions of decision makers, managers, and employees. May they not get involved in a kind of number's game in which they orientate their efforts towards the demands of the rating systems? Certainly, if we are to believe recent numbers from sundhedskvalitet.dk (The homepage for health quality) showing that Danish hospitals had installed thousands of extra washbasins in an attempt to get an extra star in the Danish version of the star rating system.

In the case of university managers and academics subject to such schemes Morley asserts that they are required ''to present themselves in a language that quality assessors understand and value. Producing the right kind of optimistic and promotional self-description in mission statements, vision statements, and self-assessment documents incorporates self-subversion and ritualistic recitation and reproduction.''(Morley 2003, p. 70).

The methods of appraisal will influence the attitude and behaviour of those measured in this way, and important intangible aspects will be lost in the process. Insights and responsibilities of management and employees are de-rated, now that one is forced to rate one's efforts in a much more schematic way.

Politicians and other decision makers involved in setting priorities for distribution of resources also come to depend on these ratings, because: "Seen from a more traditional political science perspective, formalised accountability via auditing offers a number of advantages: its reporting

format promotes bureaucratic formal rationality against the substantive rationality of professional groups and their codified abstract knowledge, it makes governments appear to act for and on behalf of the public in making inaccessible institutions more transparent and accountable, and, by doing so, creates the impression of certainty, control and ''accessibility''." (Hoecht 2006, p. 545).

Certainly, control, and accessibility are terms that fit quite well with the quest for control. What we get is a kind of impression management. "Without audit and the certification that follows from audit, quality remains too private an affair. One might conclude that there is no quality without quality *assurance*." (Power 1997, p.60).

Overall these approaches may result in a strange kind of superficiality, in simple but visible goals, simple and visible efforts, and simple and visible results, 0, 1, 2 or 3 stars or whatever the measure is called.

4. Cascades of stupidity

What makes us believe in the paraphernalia of distorting views and tools found in modern management theory? Perhaps it has something to do with modern business schools research orientation and curricula. In both cases we find an orientation towards a more scientific stance, possibly inspired by the theories and rigorousness of methods used in economics (Petersen 2005).

Bennis and O'Toole seem to think along the same track. "During the past several decades, many leading B schools have quietly adopted an inappropriate-and ultimately self-defeating model of academic excellence. Instead of measuring themselves in terms of the competence of their graduates, or by how well their faculties understand important drivers of business performance, they measure themselves almost solely by the rigor of their scientific research. …the focus of graduate business education has become increasingly circumscribed – and less and less relevant to practitioners." (Bennis and O'Toole 2005, p. 98).

A growing multiplicity of management theories and tools may seem to have a scientific grounding, but in reality they may have more in common with fashion fads. The 2005 "Bain Management Tool Survey" in the US, brought the following ranking of tools: Strategic planning; customer relationship management (CRM); Benchmarking; Outsourcing; Customer segmentation; Mission and Vision statements, etc. Further down we find TQM; Balanced scorecard; Knowledge management (http://www.bain.com/management_tools/home.as). For what it is worth The Bain survey shows all the characteristics of a "Top of the Pops" ranking, with hasty movements up and down the ranking scale, thus pointing to the fad character of these management tools.

Looking for ways to understand the parroting and thinking alike of managers and others, we may be able to discern a series of interrelated explanations.

Information cascades might be one of these. This would mean: Adapting to and following the examples set by others, avoiding or ignoring one's own independent ideas, thoughts, knowledge, and experience.

A variation of this might include actively wanting to belong, to be accepted by one's peers, in a kind of "acceptance" cascade. This would also mean that potential different ideas and opinions of one's own would be suppressed.

A somewhat different cause of conformity may have something to do with reputation. Our opinions and decisions may be influenced by reputation. Relevant real world examples today are seen in the clustering of interest and opinions around experts, designated as gurus. Perhaps peacocks would be a more appropriate name. It would seem that many individuals lose the ability to use their own knowledge and common sense when referring to statements from such peacocks. They may state very banal or evidently self-contradictory things and still people gather around them as if they have the qualities of the Oracle of Delphi, who was also often heard saying strange things. And the cascade usually widens until in certain areas of expertise very few people influence what the "right" opinion is. Thus creating a kind of social cascade (Sunstein 2003).

In a curious way conformity in behaviour might also be a result of individuals striving to be different, to get ahead of the rest, to stand on one's toes to see further. To get ahead of the rest one buys into the latest theories and tools, and soon discovers that many others have had exactly the

same idea.

In many cases we confirm ourselves in a kind of spiralling cascade of our own choices. Sounds weird? Well think of the woozle hunt in Winnie-the-Pooh (Milne 2000). In this hunt Pooh, the very stupid little bear, hits upon a set of track marks. Convinced that they are made by the woozle, he sets off. Suddenly he stops and Piglet who has run after him asks him: "What's the matter?". Winnie-the-Pooh has suddenly discovered there are two sets of tracks in front of him. Thus concluding that he is following two woozles. Winnie-the-Pooh and Piglet now proceed in company, until Pooh suddenly stops again pointing to the tracks: "The tracks!" said Pooh. "A third animal has joined the other two!" "Pooh!" cried Piglet "Do you think it is another woozle?" Seeing that the new pair of paw marks are smaller Pooh thinks it might be a wizzle.

I wonder if we can see a kind of cascade originating in a similar way with our own choices, in the sense that having made a set of choices, these choices may act somewhat like the tracks that Pooh saw, convincing us that we are really doing the right thing. Of course this might be multiplied by all the tracks already made by others.

5. Acts of trust and responsibility

Imagine for a moment that you are travelling abroad with a lot of luggage. You have arrived in a foreign airport, a place where people are in most cases unknown to each other. You want to go to the lavatory but cannot bring all your luggage. In this situation you may have asked someone apparently waiting, if he or she would look after your luggage for a few minutes. This is obviously in your interest, but what about the other unknown person looking after your luggage. You apparently trust the other to live up to a small duty, looking after your luggage for a few minutes. Is that in the other person's self-interest? Hardly, and there is no bond of friendship, no reward to be expected, no threat of sanctions to explain this expectation.

We trust and show trust in situations like these and in a multitude of other situations. Meaning that we are not only simple REMM men, driven only by our self-interest, but also men possessing a sense of duty, for instance in living up to the trust we are showed, men of fairness and men that are able to show otherregarding interests.

This does not have to be about the opposites of self-interest and selfishness versus unselfishness and altruism. Instead it is about a kind of sociality-interest. We have to realise that interests that we possess are not created or made by us. They are to a very large extent the interests of a sociality. We as individuals may never realise the full extent of these interests or the precise reason why such a sociality-interest exists. In our upbringing most of us have just been inculcated with a sense of fairness, a sense of duty, and hopefully with some trust in others (Petersen 2002). If that was not the case all our transactions with others would have to be carried out according to an explicit contract, under a set of controls, and under the threat of sanctions.

Understanding this is important because it may help us see that the arguments in for instance agency theory and in transaction cost theory may not only be faulty, but inherently problematic. If we act as if the assertions of agency theory are correct, we actually corrode the sociality-interest. This would diminish the importance of being trusted, the sense of duty and fairness and the whole set of values and inclinations that are important, not only in the day to day workings of an institution, but in the whole of society.

We argue that in a certain sense the most basic and presumably most efficient barrier to strategic manipulation of information or intentional misrepresentation of intentions, and against individuals acting only in their own interest, would be shared moral bounds, upheld not by any monitoring agency but by mutual recognition and action by the individuals making up the organisation.

The importance of this is underlined by the surge in interest in trust related issues. The workshop on trust under the European Institute for Advanced Management Studies is just one example: "In network forms and alliances, organisational performance becomes increasingly dependent on *trustful relations* [my emphasis] between individuals and groups." (3rd Workshop on Trust Within and Between Organizations. The European Institute for Advanced Management Studies 2005).

The deep seated values, conventions and sentiments that belong to the sociality-interest consist

of values like showing trust, being truthful, showing fairness and justice, keeping promises and honouring agreements and vague duties. In a concrete situation a single REMM man would not see his advantage in honouring any of these values. Still if most people in society act according to these values it will benefit all of us.

6. Self-organising order

"Phenomena like language or the market, money or morals, are not real artefacts, products of deliberate creation. Not only have they not been designed by any mind, but they are also preserved by, and depend for their functioning on the actions of people who are not guided by the desire to keep them in existence." (Hayek quoted in Zwirn 2003).

The important point here is that these wholes are not a result of deliberate concerted actions by the individuals, guided by rational intentions and grand plans. It is instead a spontaneous order generated by individual actions. The results, in the shape of the social phenomena we are talking about, emerge behind their backs.

Markets, democracies, scientific and technological developments are brought about not through a kind of intelligent designer with control over the future, but through the more or less spontaneous actions of individuals. Acting of course within the constraints and possibilities brought about by actions of previous generations of human beings, like existing markets, democracy, values, and the present scale of scientific and technological development. The existing structure results in a kind of downward causation, or rather determination, in the sense that it determines the avenues open for further spontaneous development (Campbell 1974, Emmeche, Køppe and Stjernfelt 2000).

Instead of the previous discussed quest for control we thus get something more akin to the emergence of order in complex systems.

"Emergent change consists of ongoing accommodations, adaptations, and alterations that produce fundamental change without a priori intentions to do so. Emergent change occurs when people reaccomplish routines and when they deal with contingencies, breakdowns, and opportunities in everyday work." (Weick 2000, p. 237).

Modern attempts to understand and explain how this may come about, has often been inspired by relatively recent developments of theories of complexity and self-organisation in the natural sciences. There is no unitary complexity theory, but many different and overlapping theories (Axelrod 1997, Foley 1998, Hayek 1963, Holland 1995, Kauffman 1993, Stacey 1996). In general though complex systems are described by the following characteristics: They are dynamic, meaning that they change over time with previous states influencing present states. They are nonlinear, meaning that small disturbances may produce unforeseeable effects, large, small or none at all, popularly referred to as the butterfly principle. They may show emerging properties.

It is evident that these aspects of complex systems mean that they will be impossible to control and foresee, although it may appear so in intervals of relative stability. This fits the variant of complexity theories known under the label Complex Adaptive Systems or CAS. "CASs are self-organizing in that there is no overall blueprint or external determinant of how the system develops; instead, the pattern of behaviour of the system evolves or emerges from the local interaction of the agents within it. It is this self-organizing ability which allows such systems to adapt to their environment in order to survive." (Burnes 2005).

Members of CREDO (Centre for Research in Ethics and Decision-making in Organisations) have studied attempts to create pockets of self-organisation in practice. Most recently in Bombardier Transportation, a Danish subsidiary of the Canadian Bombardier Company and in TDC, a large Danish provider of communications solutions (Kock 2006, Jørgensen 2005).

Bombardier Transportation is involved in renovating train sets for European customers. Having a local management believing in some of the ideas presented here, they tried to establish what they called co-managing groups of blue-collar workers. Apparently with some success, if one is to believe the results of two studies made by CREDO members. A small excerpt from an interview with a mechanic may illustrate how self-organisation may work in detail:

"If there is something that has to be solved right now, and one has an idea how, then it is

important to solve [it] immediately self … For example, here in the late morning I had some defective components from the sub-supplier. They have to be sent back to the sub-supplier and remade, but then it takes a long time before we get them back. So I take some paint and repair the components. I have taken the decision on my own in the situation, and it took 10 minutes to solve it." (Kock 2006, p.125). This is what happened in several instances, often involving a group of people working together and bringing their different abilities into play, in order to solve unforeseen problems here and now.

The differences between the more traditional views discussed in the previous section and the view presented here may perhaps be summarised in a table (Table II).

Table II Self-organisation compared to hierarchical management

	Hierarchical Management	Self-organisation
General orientation	Linear prediction and control	Non linear complexity and emergence
Directions given	Clear goals and detailed instructions (blueprint)	Open-ended broad goals Sense of purpose
Achievements	Planned	Emergent
Use of general knowledge, abilities	Limited	Expansive
General problem-solving capability	Not necessary	Necessary and possible
Redundancy and Robustness	Low, vulnerable	High, flexible and adaptable
Control	External control	Internal self-regulation
Responsibility	Limited	High
Interaction	Limited, top down, structured	Extensive, local, unstructured

The need for self-organisation may of course be especially important in societies and organisations characterised by a high degree of complexity in the internal structure or their environment, by dynamic change, rapid evolution, and dependence on knowledge and innovation. In these circumstances traditional quest for control ideas and tools will prove especially stupid and harmful.

7. Competent judgment instead of "half-measures"
The attempts to measure performance, to give quantifiable accounts, to audit are "half-measures" in the sense that they only take account of the aspects that can be identified and measured explicitly. They ignore that half that is difficult or impossible to quantify.

What is the alternative? If we want to avoid the problems with half-measures that may lead to all sorts of distortions we need something else. This has proved to be difficult, perhaps because we are brought up in the belief that numbers are somehow more reliable than mere judgments. Numbers have an air of scientific objectivity, and immediate and unequivocal commensurability.

In order to make the problem "manageable", I shall limit this part of the discussion to some of the issues involved in attempts to measure quality.

What is quality? Does it mean that the product or service conforms to certain requirements. Or is quality fitness for use (Juran 1988). Nowadays it also has become popular to see quality as "meeting customer expectations," or more subtle "giving the customers a little more than they expected" (Hunt 1992).

Using one of these definitions to box in quality, it may look as if it is possible to get a measure of quality. A measure of how well one is meeting expectations may be had by asking the customers to rate one's products or services. But this does not get us very far. Expectations are neither fixed, nor do they float freely in the air. They may in fact stem from commercials created by the company, whose products are being rated. In this case we may logically conclude that a higher measure of quality could be achieved, if one could somehow lower the expectations of customers.

How then might we establish what quality is and how do we get a "full measure of quality"?

Perhaps Mill's ideas on higher and lower pleasures might help us.

"It is indisputable that the being whose capacities of enjoyment are low, has the greatest chance of having them fully satisfied; and a highly endowed being will always feel that any happiness which he can look for, as the world is constituted, is imperfect. But he can learn to bear its imperfections, if they are at all bearable; and they will not make him envy the being who is indeed unconscious of the imperfections, but only because he feels not at all the good which those imperfections qualify. It is better to be a human being dissatisfied than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied. And if the fool, or the pig, are of a different opinion, it is because they only know their own side of the question. The other party to the comparison knows both sides." (Mill 1977, p. 9).

There we have it! Those who have more experience, who are recognised as having more knowledge about a certain subject, and who possess the ability to use this to make subtle distinctions, are those who define what good quality is. Quality can never be defined by those who don't have experience of "higher pleasures". Discerning judges define what is meant by quality, whatever product or service we are looking at. Even these competent judges will of course be influenced by the products and services offered, but they will at least know how to make sophisticated comparisons.

If this more or less takes care of the question what quality is, there remains the vexing problem of how quality is measured. Continuing the argument from above the answer might be that overall verbal judgments and simple comparisons are often as far as we ought to go. The problem is, that competent judges in their judgements rely on both explicit and formal knowledge, and implicit and tacit knowledge.

If important parts of a judgment rely on tacit knowledge it would be difficult to find a directly observable quality to relate any explicit measure to. Tacit knowledge in a sense means that we cannot state explicitly what we base our judgment upon. We can only indicate the result of our deliberations in a judgment. Thus making it impossible to state all the salient factors that entered into that judgment.

Trust in judgments made by competent judges reduces the need for trust in systems, and in relation to the topic discussed here, it reduces the need for detailed measurement and audits.

8. The will to lead

Spontaneous self-organisation may only bring an organisation this far, a couple of rowers may adjust to each other without any direction, but a trireme with a large number of rowers needs direction to synchronise their efforts, and point them to a goal. Even more direction and coordination of efforts is needed in a complex modern organisation. The role of a leader is to provide this direction.

Leaders are necessary to drive the creation of new organisations and changes in the existing organisations. Not on their own and not only because of their individual qualities, but because they are condensation points and energisers of the latent striving that can be found in the people taking part in the effort. Members of an organisation may feel the urge to do something, but nothing happens unless they can coalesce around some condensation point. Someone must show a possible way, a purpose to believe in, an action to imitate and follow.

"Self-managing organizations redistribute power to make decisions to people who have the strategic know-how, or to groups who are responsible for a whole work process. Under such new arrangements, the traditional tasks of management—planning, controlling, organizing, and coordinating the work of others—no longer make sense. Rather, it is management's responsibility to create the conditions that allow people to plan, control and organize, and coordinate their own work." (Purser and Cabana 1998). Leaders provide direction and focus without prescribing the exact route to take. They stand for and communicate the big idea, they do not specify what activities every member of the organisation has to perform in order to realise the idea. The leader's direction-giving activities may be compared to the "I have a dream" directions.

In their "New Manifesto for Management" Ghoshal, Bartlett and Moran (1999) see a new view of management taking shape: "based on a better understanding of individual and corporate motivation. As companies switch their focus from value appropriation to value creation, facilitating coop-

eration among people takes precedence over enforcing compliance, and initiative is valued more than obedience. The manager's primary tasks become embedding trust, leading change, and establishing a sense of purpose within the company that allows strategy to emerge from within the organization, from the energy and alignment created by that sense of purpose. The core of the managerial role gives way to the "three Ps": purpose, process, and people — replacing the traditional "strategy-structure-systems" trilogy that worked for companies in the past." (Ghoshal, Bartlett and Moran, quoted from http://sloanreview.mit.edu/smr/issue/1999/spring/1/).

A spirit that calls upon man's reserves of dedication cannot be had by a goal like "a 20 percent increase in sales." It must be something more, something that touches deeper values and beliefs of the members of the organisation, confirming them, and giving them a more concrete shape. This is where values and beliefs enter the picture, and no stronger drivers may be found. These drivers may be latent or expressive. They may consist of shared social drivers found in environmental movements, human rights movements and it is likely that they also represent some of the strongest drivers of organisations. They may be the drivers of people who want to work for organisations whose goals and activities fit their own values.

Even in traditionally strongly hierarchical and regulated organisations like banks such principles may work, as shown by CREDO's research into Jyske Bank's attempt to introduce elements of value-based leadership in the whole organisation. The basic idea in this reorientation is that detailed regulation, control, and sanctioning are reduced and substituted by a strong reliance on the integrity and ability of local units and individual decision-makers to act rationally and responsibly in relation to the stated goals, policies and values of the organisation.

In practice this has meant that all decisions are made according to a system, called by the German term "Vier Augen" principle. Credit approval decisions made according to this principle demand that one person makes the recommendation and another approves, or disapproves as the case may be. No more than two persons are involved, and the approver may be another employee, not necessarily a manager. In this way a certain kind of reciprocity is possible. "Designed to cut red tape, speed up customer-related decisions, and unambiguously place responsibility, this system has made it nearly inescapable for individual managers to delegate real authority to their staff. Authority, e.g. for credit granting, is assigned on the basis of an evaluation of the professional competence of the individual staff member combined with an assessment of the needs, e.g. typical size of credit lines, of his or her customer portfolio. Compared with earlier, and with the distribution of authority of most competitors, this has considerably enhanced the local decision-making capabilities of the bank." (Jensen 1999, p. 14).

The characteristics of the view of leadership presented here may be summarised as follows: Purpose, idea, meaning, direction; Ambiguousness and open-endedness; Long term obligation and mutual trust; Tenacity and consistency; Example setting; The will to will, the power to will.

Purpose, idea, meaning, direction. Leadership must be able to focus the organisation on the overall purpose of the organisation, in contrast to the previous criticised focus on clear goals and performance measures. By contributing to a sense of direction, not by setting concrete goals and a set of numbers, but through the identification of a purpose that unites the efforts of the members of the organisation.

Ambiguousness and open-endedness. Instead of establishing clear and quantifiable goals and detailed plans and descriptions for how to achieve them, a demand often seen in modern management recommendations, it may be more important to do the opposite, letting the purpose of the organisation guide the efforts of organisation, leaving open the exact way this purpose might be fulfilled, in order to involve the whole organisation in the generation of ideas, and solutions for problems encountered. If members of an organisation have a fairly clear idea of the purpose, it may unite the efforts in a far more meaningful way than a detailed plan does, and it might involve the individual members in thinking and experimenting with new approaches.

Open-endedness is quickly becoming a necessity: "Globalization, it is argued, creates an environment characterized by massive uncertainty. In such an environment only those organizations that can rapidly change their conduct and learn to become ever-more enterprising will survive. In

other words, the dislocatory effects generated by an intensification in patterns of global interconnectedness require 'constant creativity' and the continuous construction of collective operational spaces that rest less and less upon 'mechanistic' forms and practices - 'bureaucracy' - and increasingly upon the development of more entrepreneurial forms and modes of conduct." (Gay, Salman and Rees 1996, p. 267).

That ambiguousness and open-endedness may only work under conditions of long term obligations and mutual trust seems evident. This does not fit the short term demands upon managers brought about for instance by a shareholder focus and quarterly statements. It demands instead a longer term commitment.

A similar argument can be made for tenacity and consistency. The ideas presented in this paper may be difficult to realise in practise. They certainly do not represent a new tool that can just be implemented from above. They represent a change in attitude and ideology and it requires tenacity and consistency over time to realise some of the ideas presented.

In today's organisation there is no end to the stream of non-committal visions, missions and value statements, that are supposed to unite the efforts and provide a sense of shared values and culture in the organisation. Most of these function more or less like peacock feathers. They may be eye-catching, but have no other purpose. The way that one demonstrates the real values of an organisation is of course through the examples that one's decisions and actions set. So action is demanded, not more paperwork.

Without the will to will and the power to will all this will come to nothing. Leaders must possess a will to will and must be able to engage the will power of others.

9. Counterdistortions?

Mainstream ideas of organisation and management all emphasise the importance of formal and explicit knowledge, and explicit rules. Knowledge in the shape of algorithms for how to solve certain tasks, according to the scheme, "if a then b or else," and very explicit written rules for how to act in specified situations.

The foundations for an alternative to the mainstream views of organisation and management are found in the idea that complex activities are characterised by a high degree of self-organisation. This view may be characterised as the ant-hill view. It is not about the complicated structure of a complicated machine, like a fine watch. Instead it is about the complexity of an interacting system of elements each of which may be simple, but whose interaction produces complexity through complicated positive and negative feed back loops. It is about self-referential, self-replicating and recombinant systems. Such systems are non-deterministic in the sense that their future states cannot accurately be predicted.

The viability and efficiency of the modern organisation or company is dependent on knowledge being distributed in the heads and minds of the individual members of the organisation, and not concentrated in a single manager or a collection of algorithms.

This view of organisation would preclude the use of the all pervasive tool-wielding view of modern management theory. What is needed instead is a new view of leadership. A view compatible with a large degree of self-organisation. Leadership that would convey and represent the idea, the meaning, and the direction of the organisation, without planning, supervising and controlling in detail the activities of the members of the organisation.

The arguments presented in the second part of the paper may perhaps seem to go too far and lack a foundation in the kind of research I have criticised. But in order to counteract the distortions brought about by modern management theory this may seem quite appropriate. It would then represent a counterdistortion that would counteract the distortions created by the looking glass of modern management theory. The combined effect would enable us to construct less distorting reflection of theories and understandings that could point the way to a new practice.

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