

# Governmentality Matters:

## Designing an Alliance Culture of Inter-Organizational Collaboration for Managing Projects

Stewart R. Clegg

Tyrone S. Pitsis

Thekla Rura-Polley

School of Management  
University of Technology, Sydney  
PO Box 123  
Broadway NSW 2007  
(02) 9514 3193  
(02) 9514 3312 fax

[s.clegg@uts.edu.au](mailto:s.clegg@uts.edu.au)

[tyrone.pitsis@uts.edu.au](mailto:tyrone.pitsis@uts.edu.au)

[thekla.rura.polley@uts.edu.au](mailto:thekla.rura.polley@uts.edu.au)

Marton Marosszeky  
Australian Center for Construction Innovation  
University of New South Wales  
Kensington Campus NSW 2052  
(02) 9385-0400 or (02) 9385-4830  
(02) 9385-6178 fax  
[M.Marosszeky@unsw.edu.au](mailto:M.Marosszeky@unsw.edu.au)

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### **Author Biographies:**

**Stewart Clegg:** Stewart completed a first degree at the University of Aston (1971) and a Doctorate at Bradford University (1974). He is currently Research Professor of Management at the University of Technology, Sydney. He has held positions at the University of St. Andrews, Scotland; University of New England; University of Western Sydney, in all of which he was Professor and Head of Department, and Griffith University, Brisbane, where he was Reader. He has published over 23 books and has well over a hundred journal and other refereed publications, some of which have been Academy award-winning (*Handbook of Organization Studies*. London: Sage, in conjunction with Cynthia Hardy and Walter Nord, 1996). He has written extensively on power and organizations, including *Frameworks of Power* (London: Sage, 1989) as well as, with Thomas Clarke, *Changing Paradigms: The Transformation of Management for the Twenty-First Century*, London: HarperCollins, 1998). His most recent book is *Trends in Japanese Management: Continuing Strengths, Current Problems and Changing Priorities*, co-authored with Toyohiro Kono (London: Palgrave, 2001). Once upon a time he edited *Organization Studies*.

**Tyrone S. Pitsis:** Tyrone is a graduate in Social Science (Psychology) from the prestigious University of New South Wales in Sydney. He has worked as a researcher for the NSW Government, the Australian Graduate School of Management, and currently the University of Technology, Sydney. His PhD investigates the relationship between psychological maladjustment and loss of identity and illness in the workplace. Tyrone lectures in Organizational Behaviour, Social Psychology and is Work Based Learning advisor and assessor. In a previous life, Tyrone was an award-winning chef and continues to consult to the hospitality industry.

**Thekla Rura-Polley:** Thekla is a Senior Lecturer within the School of Management at the University of Technology, Sydney. She obtained her PhD from the University of Wisconsin - Madison. Her research interests cover innovation (especially virtual innovation), organizational and population level learning, and quality management in new organizational forms. She has studied emerging management strategies in Catholic children's institution, commercialisation strategies of universities, and virtual collaboration and learning. Currently she is studying collaborative quality in the Meetings, Agri-Food and Construction industries. Her areas of teaching include organization theory, technology and innovation management and research methods.

**Marton Marosszecky:** Marton received his BE (Hons) University of Newcastle in 1968; MEngSc (structural) UNSW in 1973, and is Associate Professor, Faculty of the Built Environment UNSW. He is currently Director of the Australian Centre for Construction Innovation. His main research interests are in construction management and innovation. This is reflected in current and recent projects studying quality, waste and safety management, IT implementation and performance measurement and benchmarking. He has a secondary interest in concrete durability and repair. Has developed a broad collaborative network with academics in Engineering, Safety Science and Management. Marton has more than 130 publications including 35 research monographs.

## **Abstract**

The concept of governmentality was developed by Michel Foucault to address the specificity of contemporary neo-liberal forms of governance – premised on the active consent and subjugation of subjects, rather than their oppression, domination or external control. These neo-liberal forms of governance are evident in new forms of Alliance contracting in the construction industry. Project management has been a historically evolving field: we review the major innovations in organization form in the sector, before considering the specific management practices of surveillance and control typically associated with governance in these projects. The paper reports on an example of governmentality applied to the practice of project management. While governmentality refers to the design of project governance as an activity, the management of projects as a mode of organization, irrespective of the mode of governance, is highly complex and uncertain. These themes have been widely addressed in organization theory and we draw on recent treatments of them that combine transaction costs and resource dependence perspectives. Moreover, we argue that projects also display an acute sense of temporality as Schutzian influenced approaches have explored. Complexity, uncertainty and temporality are addressed in the context of governmentality in a specific and highly innovative project management.

The research methods used in the ethnography are spelt out, as well as the methods used in constructing the interpretation of the case. Economies in authoritative surveillance have been sought through building collaborative commitment and transparency into the moral fibre of a project. The governmental tools used to do this are a strong project culture, monetised key performance indicators, and a stakeholder conception of the project, to bind different organizational stakeholders together. The case does not record an unqualifiedly successful project: the governmentality that was constructed had limits, as the case spells out. The failure indicates some issues that the stakeholder theory of the firm will need to address. We conclude that governmentality projects premised on stakeholder conceptions are particularly susceptible to discrepancies between ambition and outcome. In such a context the constant injunction to improve may itself be an integral part of the governmental method. Hence, governmentality is particularly appropriate for understanding quality management issues.

**Key words:** Governmentality, power, projects, Foucault, construction industry, designer culture.

## **Introduction**

That power is embedded in the overall authoritative structure and design of organizations is rarely addressed compared with the attention that has been paid to deviations from this order (Hardy and Clegg, 1996). Thus, the “problem of order” (Hobbes, 1651), is largely unacknowledged in Organization Theory (but see Wolin, 1960). Hobbes’ contractual solution to the problem of social order, that authoritative images of the social order are encapsulated in the notion of an implicit “contract” is still routinely practised in at least one arena of organizational life – large-scale project organization.

Large-scale projects are constituted by contract. Typically, these contracts have been predicated on a climate of mistrust: anticipating that agents will transact with guile, contractors wrote contracts as watertight as possible. Contractual enforcement is enforced through governance mechanisms that involve high degrees of surveillance of work to check that it is completed in accord with the contract (Lundin and Soderholm, 1998; Charue-Duboc and Midler, 1998).

The practices of contractual surveillance – as opposed to an emphasis on the principles involved (as in transaction cost economics: see Williamson, 1975) – involve complex practices of power (Clegg 1989; 1995; Clegg, 2000; Hardy and Clegg, 1996: 375). Despite Jermier’s (1998: 236) warning that ‘it would be impossible . . . [today] . . . to explain what separates critical theory’s various traditions’, Foucauldian perspectives are often incorporated within traditions of ‘critical’ organization theory (for overviews, see Burrell’s [1988] introductory account as well as the papers collected in Starkey and McKinlay, [1998]). Foucault

was initially assimilated to “critical” organization theory through an emphasis on close surveillance and control of individuals (Dandeker 1990; Marks, 2000). Recently, this has been enriched by organizational work on surveillance, (Sewell and Wilkinson, 1992; Knights and Vurdubakis, 1993; Sewell, 1998), discipline (Covaleski, Dirsmith, Heian, and Samuel, 1998), as well as forms of language (Oakes, Townley, and Cooper, 1998). However, these papers have drawn only selectively from Foucault’s writings. As these developed after the English publication of *Discipline and Punish* the objective of control came to be seen not simply as an end in itself (or a means to greater exploitation as earlier labour process theorists had mostly seen it). Instead, management was seen to want to normalize the psyche of sub-ordinates such that self-supervision became reflexive. For the latter condition, that of reflexive self-control, where there are no necessary external sources of surveillance, Foucault coined the term governmentality. The theorists who come closest to capturing this sense of control through self-surveillance were Sewell (1998) and Barker (1993) with their emphasis on the normative work of teams. Surprisingly, however, neither theorist connected their work to Foucault’s theme of governmentality.

Foucault introduced the term governmentality in a series of lectures that he gave at the College de France on the ‘Birth of Biopolitics’ in 1979 (Marks, 2000, 128). These lectures engaged with the changing face of liberalism as a political project in the Reagan and Thatcher administrations. For Foucault governmentality meant both strategies of organizational governance, in a broad sense, as well as self-governance by those who are made subjects of organizational governance. The concept of governmentality sought to capture new liberal approaches to political management.

The focus was on ‘the totality of practices, by which one can constitute, define, organize, instrumentalize the strategies which individuals in their liberty can have in regard to each other’ (Foucault, 1988, 20). As du Gay (2000a: 168) suggests, governmentality ‘create[s] a distance between the decisions of formal political institutions and other social actors, conceive[s] of these actors as subjects of responsibility, autonomy and choice, and seek[s] to act upon them through shaping and utilising their freedom.’ What is novel about liberal forms of governance is that the personal projects and ambitions of individual actors become enmeshed with, and form alliances with, those of organization authorities and dominant organizations.

A number of writers have written about these later aspects of Foucault (see especially Szokolczai, 1998: 258 and Clegg, 2000). However, with the exception of du Gay (2000b), Jackson and Carter (1998), and van Krieken (1996), they do not explicitly address organizational issues (eg: Hunter 1993; Miller 1994; Burchell, Gordon, and Miller, 1991). As the governmental concept is quite close to some aspects of organization theory this is surprising. In particular, the practice of governmentality *aspires* to create a common sensemaking frame (Peters and Waterman, 1982; Weick, 1995; Colville, Waterman, and Weick, 1999) or, as a recent political theorist posits, a common “practical consciousness” (Haugaard, 2000). In Jackson and Carter’s (1998) terms, governmentality means that ‘people should voluntarily and willingly, delegate their moral autonomy and moral responsibility to obedience to the rules, to being governed in their conduct by a ‘moral’ force . . . which is external to the ‘self’.” As they go on to note, the requirement for obedience ‘usually is rationalized and justified in terms of a greater collective interest’ (Jackson and Carter, 1998: 51). Or, as Townley (1998: 193) suggests, ‘before a domain can be governed or managed it must

first be rendered knowable in a particular way.’ Our concern is with this knowability as a shared property of organizing, a practical collective consciousness of those doing the organizing.

For traditional organizations the achievement of a practical collective consciousness, in which sensemaking is shared, has been seen as problematic (Clegg, 1994). It is even more problematic in some new form organizational designs, such as alliances or project-based organizations, where there is no unitary centre of control. Successful completion of multi-organizational projects rarely involves a very high degree of coherence, unity of purpose and project – even at the management level (Flyvbjerg, 1998). Conflict, ambiguity and lack of common purpose have been much more evident, as past research has demonstrated (Higgin, Jessop, Bryant, Luckman, and Stringer, 1966; Clegg 1975). In these organizational arrangements, despite the recourse to contractual tightness and strict surveillance, control has been extremely difficult to achieve (Stinchcombe, 1985: 25-27). Even when these projections take the shape of rational action, the anticipation of future action remains... ‘quite vague and indeterminate compared to the real thing when it finally occurs’ (Schutz, 1967: 59).

**Comment [FoB1]:** This is effectively what Weick argues about sense-making

Phenomenologically, what is projected in a project is an ‘action’ which ‘is the execution of a projected act’ such that ‘the meaning of any action is its corresponding projected act’ (Schutz, 1967: 61). Large-scale construction projects are unique arenas in which highly complex, uncertain and creative projects have to be realised (Hartman, 1998: 81). Following Schutz (1967), the organization of a multiplicity of actors, with a multiplicity of interests, entails that a realistic grasp of the problematic meaning of that which is being projected must start from the actor’s definitions of a project (also see Weick,

1969: 167). Typically, these are encoded as different 'modes of rationality' (Clegg, 1975), constructed at the intersection of professional disciplinary knowledge with contractual codes. It is changes in the latter that are of most significance, not only for organization researchers, but also for disciplinary practitioners. While disciplinary knowledge changes gradually codes of contractual control have been subject to quite dramatic shifts.

### **Changing Codes of Contract in Construction**

Historically, construction projects were delivered under the control of just two parties. The architects were responsible for the design and the contractors for the construction. The two phases followed each other and required services were delivered by integrated organizations that employed all the people needed within each particular phase. Specialization provided the basis of increased efficiency in a Taylorist model of production. As projects became larger, services more complex, and materials and techniques more varied, specialization and fragmentation emerged for other reasons. Fragmentation helped to distribute the financial risks in an inherently cyclical industry as well as the industrial relations risks arising from the large workforce on individual projects. Also, as larger work-packages became divided, more highly specialized workers delivered each smaller work-package. These smaller groups had less work and consequently less work flexibility on each site, hence they had to move from site to site, balancing the demands of several sites simultaneously.

A fragmented process posed difficulties in terms of controlling the outcomes delivered by increasingly disparate project teams. The divide between the two phases



of design and construction imposed barriers to the optimization of the entire delivery process, extended the project life and hence the time-related risks, as well as generating conflict from the pervasive ambiguity (Higgin et al, 1965) of highly indexical (Clegg, 1975) contractual documents. It became the paradox of traditional construction project management that third-party enforcement through the contractual form, as a dominant mode of project rationality, generated many of the issues it was designed to minimize and manage.

In order to overcome the limitations of what had become an increasingly fragmented and risk-laden process, “Design and Construct” was introduced to create a single point of responsibility between the client and the principal contractor. The management of conflicting costs/risks during construction, however, still had an impact upon the business viability of the constructor as well as upon the life cycle costs. Increasingly, especially as the privatization of public works developed, Design and Construct became the dominant method of contract.

Under Design and Construct, project managers sought to organize transactions through the market. However, it was a managed market. It was managed because of conditions of bounded rationality, especially as it evolved through time, and because a high degree of uncertainty attached to the fragmentary and complex nature of the many organizational resources required in constructing a building or piece of infrastructure. The main tools of management were process analysis, cost and schedule planning, and legally binding contracts. The incidence of conflict and ambiguity remained high, in part because complex contractual documents and the scope of the bill of works were always open to multiple interpretations. Also, there

was the potential for conflict between the short-term interests of the contractor and the long-term interests of the client and end users. Although these contracts sought to bind agreements and minimize differences, typically they became the source of differences (Clegg, 1975; 1992).

Over the past 15 years there has been a move to “BOOT” (Build-Own-Operate-Transfer) arrangements on some infrastructure projects. While this arrangement changes the focus of the contractor from an almost exclusive interest in short-term construction issues to a whole-of-life focus, the contractual arrangements within the supply chain remained fragmented and largely the same as under Design and Construct arrangements. Potential for conflict between the client and the contractor is reduced as interests are aligned through focussing on whole-of-life efficiency of the facility.

More recently, some infrastructure and some BOOT schemes have been delivered by joint venture. The rationale is that it is rare that any one company has all the skills to deliver a total project through to completion and further on into maintenance and operation of a facility. Thus, a BOOT scheme may involve a hotel operator, a constructor, and a developer who all come together to assemble a complex product in space and through time on terms still dominated by the third-party enforcement of agreements. An integrated BOOT organization internalises the design, construction and, in some instances, the operation of a facility into one vertically integrated and unified project. It subsumes market to hierarchy, in transaction cost terms, seeing the solution to contractual disputation generated from self-interest as a shift to hierarchical governance structure (Williamson, 1975).

Transaction costs analysis has a particular affinity with discussion of contracts. However, its approach of either market or hierarchy does not necessarily work well where project duration is typically longer than that of any transaction in a market and shorter than that of any formal organizational hierarchy. Managing a complex construction project through the market is virtually impossible: too many transactions, in too complementary a relationship, with too many interdependencies, make the market model unsatisfactory for anything other than the simplest or most routine projects.

In BOOT schemes hierarchy works reasonably well for those projects that are high in complexity and low in uncertainty, where it can usually be translated into top-down management style marked by a strong tendency to risk aversion. However, many large projects are characterised by a high degree of uncertainty, as well as a mixture of joint organization and sub-contracting of elements of the workflow to legally separate organizations, which, together, make for a high degree of complexity. These are not ideal conditions for hierarchical control but they are appropriate for inter-organizational collaboration, as some recent contributors to transaction costs debates appreciate (Dyer and Singh, 1998).

A relational view of the sources of competitive advantage that attach to organizations using a strategy of inter-organizational collaboration has been developed in the literature, drawing in part on the transaction costs tradition as well as from the resource-based view of the firm. As Dyer and Singh (1998: 661) put it, '[r]ecent studies suggest that productivity gains in the value chain are possible when trading

partners are willing to make relation-specific investments and combine resources in unique ways.’ They refer to these combinations as idiosyncratic interfirm linkages that may return “relational rents” – that is, exceptional returns over and above normal or “business-as-usual” expectations. In the construction industry such idiosyncrasy is referred to as “alliancing”.

The competitive advantages of alliancing are numerous. First, investments can be made in assets specific to the alliance rather than diffuse to the joint-venture partners. Second, there are opportunities for substantial knowledge exchange, including the exchange of knowledge that results in joint learning. Third, there is opportunity to combine complementary but scarce resources or capabilities, which result in the joint creation of unique new products, services or technologies. Fourth, theorists have pointed to alliancing having lower transaction costs than more traditional projects, owing to more effective governance mechanisms (Dyer and Singh, 1998: 662). Finally, the form explicitly acknowledges the centrality of uncertainty and complexity, rather than attempting to resolve it through a detailed contract that can usually be shown to be insufficiently detailed enough. Relational rents will thus be achieved either through more effective governance mechanisms that lower transaction costs or through the synergistic combination of complementary, but scarce, resources or capabilities. Governance issues cut across all the latter factors, assets, knowledge or capabilities, as suggested by Dyer and Singh (1998: 669).

### **The Case Study and its Methodologies**

Research was undertaken in a project-based collaboration that will be referred to as the O-Team. The setting for this study was a large infrastructure construction project

in Sydney, conducted by an alliance between a public sector body and three private sector contractors. Data was collected during early 1999 until the end of 2000 using semi-structured and open-ended questionnaires with over 30 employees across several levels of the O-Team, as well as key individuals in the community and government. Interviews lasted between one and a half and five hours. All members of the top leadership team were interviewed in depth and all interviews were taped and subsequently transcribed. Additionally, the O-team held monthly, and later bi-monthly, leadership team meetings almost all of which were attended by a researcher. Typically these meetings lasted between eight to twelve hours and involved managing directors, chief executive officers, and executive managers of all collaborating organizations. While permission to tape record meetings was denied for these meetings, the researchers were able to use a lap top computer to transcribe proceedings.

Field study observations, using photography of the research sites, field diaries, and informal discussions were also used to record an often neglected and rich source of data – that of artifacts. Gagliardi (1990: 3; also see 1996: 565-566) so aptly describes the importance of including the analysis of artifacts in organizations. He defines artifacts as products of human action which exist independently of its creator; as intentional in that they aim to solve a problem or satisfy needs and as ‘perceived by the senses’ in that they come inherently constituted through their own corporality or physicality. Indeed, when used in conjunction with other research tools, such as interviews and surveys, we believe the study of artifacts to be ideal in the study of governmentality. If a specific conception of governmentality is to become a material

practice it is best operationalised in artifacts of human existence that mark out our mutual obligations.

The social dynamics of organizational collaboration became the central focus of a mode of data collection based on open, interpretative collection of ethnographic data. We employed crosschecks between interpretations of observed events for the employees concerned as well as with other employee interpretations. The research setting was treated as a naturally occurring experiment to develop theory from case analysis (Eisenhardt, 1989).

The transcribed interviews and the ethnographic notes were initially analyzed using open coding techniques (Strauss and Corbin, 1990) to try and uncover the dominant modes of rationality: the structural deep framing of many discourses in coherent ways. Key themes for this analysis became the project culture and its relationship to a set of Key Performance Indicators (KPIs) of Schedule, Budget, Occupational Health and Safety, Community, and Ecology. A team of researchers received intensive training in open coding and worked independently of each other. Coders analyzed over 1,000 pages of transcripts. The O-Team culture referred to the artifacts, as well as principles and philosophy espoused by the leadership team and evident in banners, glossy photography, and clearly visible mission and vision statements. It was also evident in the rich descriptive information provided in the interviews.

In seeking to make sense of the O-Team culture we elected to follow Catherine Casey's (1996) conception of a "Designer Culture", because it seemed to capture the situation as we interpreted it. For her, a designer culture has the following

characteristics (adapted to a project situation). First, it would be characterised by individual enthusiasm manifesting values of dedication, loyalty, self-sacrifice and passion for the project, seen in correct language forms, appropriate interpersonal interactions, and the service of long hours at work. Second, there would be a strong customer focus – where the customer is not just the end-users but also employees and other significant stakeholders in the project. Third, discourse would be characterised by a familial language of team and family. Finally, there would be public display of the designer culture. We found that these terms described the O-Team perfectly.

For KPIs coders searched for words or phrases containing the five KPIs of Budget, Schedule, Community, Occupational Health and Safety, and Ecology. This included variations of each KPI. For instance, ecology might occur as environment, environmentally friendly, pollution, pollute, oil spill and so on. Similarly, schedule might also appear in other forms such as in time, on time, deadline. Community often appeared as the word “they”, but also appeared as stakeholders, people out there, and so on. After independently coding text, research team meetings were held and similarities and differences in coding were discussed.

### **Analysis and Discussion: from Governance to Governmentality**

Typically, construction arenas were characterised by multiple and conflicting modes of professional rationality, policed by a complex system of on-site surveillance, off-site litigation and arbitration. Because contract design rarely achieved contractual order the terms needed policing. In the past policing was characterized by a *correspondence model* of the representation of contractual design structure. What was expected was that the final outcome of any project should correspond to the project

design. However, in accomplishing any project, several parties to the contract have to interpret the contractual documents. It is rare that they would do so from anything other than different positions of interest, hence the need for surveillance, arbitration and litigation intended to achieve ‘goodness of fit’ between design conception and project execution. (Architecturally, the governance model was large-scale Taylorism in the assumption of its conception/execution dynamics.) The contemporary shift is to a *coherence model* being agreed governmentally between the parties to the design. Thus, one can think of these as a practical, rather than an epistemological, philosophy (McHugh, 1971).

Governmentality poses an alternative to policing, litigation and arbitration, especially in situations of multiple actors and interests, through the design of a more collective and coherent practical consciousness within which to make sense. Literally, it seeks to make conflicting modes of rationality redundant by delivering economies in authoritative surveillance through building a collaborative commitment and transparency into the moral fibre of a project. It seeks to constitute each self-interested actor, both individually and organizationally, in such a way that they have something to gain from greater collaboration within the project. It does so by tying individual and organizational bonuses to performance on transparent indicators in such a way as to seek to ensure that no trade-off between them takes place. Indeed, performance becomes translated into performativity – an awareness of always being on view, on stage, on show, in not only what one does but also how one does it. Constituting performativity is the function of transparency, because the more transparent one can make the actual performance of different expert’s knowledge and actors the fewer opportunities can arise for them to exert professional prerogative in



power games around the detailed interpretation of contracts. To achieve liberal forms of governmentality one would first have to abolish more authoritative governance structures premised on correspondence and substitute ones premised on a more coherence model.

At the core of the project team's strategy was a contractual commitment to build a projected infrastructure. However, while the time for completion was strictly stipulated at the outset – it was to be ready for the Sydney 2000 Olympics – it was the only variable so stipulated: even the price was not stipulated at the outset. The project team sought explicitly to develop a coherent mode of rationality through a strategy of what we, analytically, refer to as governmentality. They would say that they used a specific set of principles, embedded in a strong “alliance culture”, to try and achieve excellent outcomes. An executive team managed the O-Team; however, power was seemingly devolved, authority decentralised, participation encouraged, and lower-order employees were empowered. The project was designed in such a way as to try and deliver the project below budget, within time, with benefit to all stakeholders. The mechanism for achieving this was a risk/reward system that specified the scale of risks and benefits that would accrue to the alliance partners. It was related to performance on the KPIs, negotiated as part of the initial contractual agreement. In the risk/reward scheme adopted by what we will refer to as the O-Team, the costs and schedule were negotiated at the outset, with an agreement that they would not be renegotiated during the project. All staff on the project, from directors to contractors, received training through induction workshops to understand these KPIs. It was through the common motivation and mode of rationality afforded by commitment to

these KPIs that the O-Team believed that it could deliver added values – which Dyer and Singh (1998) refer to as relational rents.

Indicators or benchmarks of each of the KPIs for non-cost objectives were initially developed by the project as clearly defined standards for performance (poor to outstanding). Independent experts were commissioned by the client to verify, modify and amend the benchmarks initially proposed by the O-Team. These independent experts continue to carry out independent audits of performance against the defined benchmarks in each non-cost objective. They then provide the O-Team with a report and a progress score. This score determined the level of reward or penalty in accordance with the agreed risk/reward formula.

In this project there were positive and negative financial outcomes for performance on each of the objectives in the risk/reward process. Financial rewards were payable on a sliding scale for performance above “Business as Usual” (BAU) to “Outstanding”. All objectives, except cost, had a maximum amount. Financial penalties accrued when performance was below BAU and performance in any one area could not be traded-off against any other area that represented by the KPIs. Only outstanding performance against all five KPIs would yield the maximum return; less than this in any one area would diminish that return and adverse performance would see the return risked as penalty clauses began to bite.

In the head offices for the project there was a highly acute and visible commitment to the KPIs. Banners hung from the rafters of an open plan office in which all the alliance partners were collocated, declaring the formal rhetoric of the alliance

principles, nine in all, of which a “no-blame” culture is the bedrock. The ultimate values were expressed in the phrase “Whatever is best for project”. Around the open-plan offices and corridors the trend lines for the KPIs were visibly displayed, kanban-style. It was the public display that initially alerted us to the specificity of this project as an example of a designer culture. For instance, when one walked in to the HQ, the first thing one saw was a large tank of water, absolutely clear, with rocks, vegetation, and fish swimming in it. These fish, mute but pervasive monitors of the ecology, represented the ultimate customers of a project oriented towards improving harbour water quality. The large-scale representation was a very big tank and contained some quite large fish that caught the eye as one walked in. It was directly in front of one the reception desk was off to the side. It was illuminated so as to make more manifest the spectacle of the clear water, the bubbling aeration, and the graceful fish, serenely swimming in pure water. Once one walked past the fish, one could either turn left into the Project Offices proper, or right into a labyrinth of small rooms. One of these was a staff kitchen, the walls of which were decorated with stories cut out of the local and metropolitan press about the project: some stories were favourable, others not. Notices were posted about forthcoming social and training events. Elsewhere, charts mapped the progress of the project on the KPIs. Trend lines and bar charts displayed indicative performance in terms of desired outcomes, as well as “business-as-usual” projections and demonstrated progress. The main office was a large open-plan working space, with many cubicles, surrounded by offices and meeting rooms that hugged the four walls.

The construction professionals gathered in the offices displayed considerable awareness of the values of the alliance culture. The reasons for this were evident: the

banners were very visible; also, one alliance partner was a consultancy that specialised in designing organization cultures for extraordinary performance and the Project Director was a man who clearly recognised the value of cultural artifacts in framing the project. At the heart of the consultancy practice was the insight that management involves system and individual dynamics that imply objective as well as subjective factors. Often, they suggested, it was only the most apparent aspects of the culture that was managed – the individual behavioural and organizationally systemic aspects. What tended to be neglected were the intentional, individual aspects and the cultural, group aspects: it was precisely these areas that had to be most explicitly managed for successful outcomes, they suggested. Hence the governmental focus that they had adopted lead naturally to a concern not only with organization design but also cultural design: the two were seen as inherently and reciprocally intertwined. They sought to recruit people to the project on a set of specific cultural criteria oriented towards teamwork, creativity and sociability; having recruited them according to an explicit model of the culture that they had designed, the incentive structure was structured to reinforce the culture they designed.

The mode of governmentality and its culture were explicitly oriented to aligning business objectives, generating mutual incentives, sharing risks, pooling strengths and building trust. The banners were its visible manifestation. Its tacit manifestations were no less evident: they were to be seen in the commitment to achieving mutually beneficial outcomes – the positive monetisation of the KPIs. The KPIs, in terms of orienting members to extraordinary performance outcomes, sought to make more probable that a co-operative and collaborative culture would be a rational manifestation of the O-Team principles. This finding was consistent throughout all

interviews and the following are just a handful of examples from a wide range of organizational members, from managing executives through to union representatives.

Project Leader 1: The quality of this project is in our commitment to the KPIs. Commitment to working together. The “what's best for project” culture. Culture. Togetherness. Really what's best for project. (07.27.1999).

Construction Site Manager: Quite frankly, I don't want to be biased but the culture is working. I had doubts when we started but we bring four different groups working in a sort of set concept of how to approach this project. Everybody had certain doubts but we said, look, put our doubts aside, think positive, and hope for the best. That's where we are. Also, we said we agree that there will be times that we will not agree, I'm not sure that we did agree on every issue at every time but we did agree to align on all issues. Align means basically, I don't exactly agree with what's being proposed because I have my reasons, but I will not oppose (02.02.1999).

Community Relations Manager: Everybody has to have the same objectives, working towards the same goals. It won't be good if two of the companies are only interested in profit and schedule and not environment or community. So the sharing of objectives, the setting up of the KPIs. (07.27.1999)

Union Representative: I'll be frank with you; we have some pockets of staff resisting [our] culture, no doubt. But the critical mass is well and truly there. The critical mass is there. The momentum is there. The small pockets of resistance that may exist will start to roll into the culture as it proliferates. Or they will leave. We have a huge project, 400 odd million dollars, hundreds of staff, there is no doubt you will get some pockets of resistance. But we are also constantly working to address issues as they arise...the resistance is dissipating. It really is...we are committed to the community, to the environment and all the rest (07.27.1999)

Indeed, even in the face of vigorous opposition from the community and some areas of government, the belief in the O-Team culture and the validity of the KPIs was undying, as reflected in the words of the project director and project manager:

Project Director: So you see this [community resistance] is having an impact upon the project and our ability to deliver it. It involves a commitment that is unparalleled in any other project. We don't want our people to go away scarred because of the experiences. This is great project, it has been a great project and it must be recognized. It is a success!

Project leader: I have to say that [the client organization] recognizes the strength of this alliance arrangement and without this alliance arrangement we would have struggled to manage the project. We should applaud that and acknowledge it. (08.15.2000).

The emphasis on culture clearly signifies the importance of meshing the personal projects and ambitions of the individual actors involved in the project with those of the alliance (Casey, 1996: 321). The incorporation of green symbolism, such as the banner posters whose slogans were superimposed on images of a sparkling harbour and its beaches, together with the iconography of the fish, were all devices used to

create a focus on the project outcomes as inexorably tied up with the project process. The project process was the focus of a governmental ethos that tightly coupled day-to-day organizational behaviour with the distribution of a potentially surplus value attainable only by the disciplined, self-reflexive and imaginative effort of all parties to the contract. With the O-Team culture:

[I]t's a whole different ball game, whole different culture. What we did was in simple terms two things. Our approach was that we were not going to try and inject something that meant alliancing and quality that was totally radical, even though it is. This is because it would seem to be another level of performance, um, be another layer, or another tick I must put in the box. So what we did was [management] restructured them [employees decision making meeting] in subtle but very important ways. Subtle so it did not feel like it was such a big deal. Again it was a low-key approach. And we restructured the delegates committees to broaden them, to inject the right level of management to give the right level of commitment (Leadership Team Member, 07.27.1999).

The project had a significant impact on some of the most expensive and desirable real estate in Sydney. The communities that the O-Team had to deal with were densely networked and politically sophisticated. While in the longer term the project was inestimably to the benefit of these residents because it would improve the quality of a major amenity, there were some communities where its impact was less immediately beneficial. Some aspect of the above ground works had an immediate impact on amenities, either in the short or the longer term.

As part of its management of the community impact the O-Team had implemented a community consultation strategy, with a community liaison officer leading the strategy in a number of local areas. This was an attempt to take governmentality out of the project team and into the community. In many areas this was enormously successful, leading to positive community relations and even some improvements in design. In the short term, however, a number of communities had to suffer the impact of construction and the evacuation of spoil.

The nature of the O-Team project involved the construction of a large venting stack, which was the cause of community management problems for the O-Team. Initially, the Environmental Impact Statement (the EIS) had suggested that there were to be two venting stacks constructed: ongoing redesign limited this to one larger vent, sitting on a larger tunnel, due to redesign as a result of geo-technical and machinery issues. The residents of the area in which it was to be built, with considerable local political support, opposed the decision to build the tunnel vents as well as its location and design. Intense local struggles ensued, played out in the media, Council Chambers, Community Consultation Committees, correspondence, and direct action. Technical assurances were provided by the O-Team that the activated carbon scrubbers would filter the odours by up to 95% but the technical rationality of the engineers and the practical, local, rationalities of the residents seem irrevocably opposed. The primary unresolved issue centred on the probability of air-borne pathogens being widely dispersed within a community, in close proximity to a primary school and houses. The residents distrusted the engineer's assurances: they knew that in other arenas the instrumentality had been responsible for major public health concerns. Also, they are aware that there had been a delay in the delivery of promises made to the community. The residents group proposed alternate solutions: each of these would add substantially to costs and lengthen schedule unavoidably and, as far as an engineering rationality was concerned, would add nothing in the way of technical excellence to the project.

The stakeholder model empowered the community indirectly: if they fail to be satisfied, in terms of the way the impact on community is measured as an outcome, then the KPIs for community will not achieve outstanding performance, thus

threatening the contingency bonus overall for the project. From a project point of view the empowerment of community groups as stakeholders had the capacity to produce zero-sum power without responsibility.

Underlying the technical claims was a political rationality driven by the importance of schedule and cost, despite the new governmental design of the alliance. Traditionally, under a business as usual approach, to consider an alternate solution would threaten the deadline and the deadline remained the crucial indicator for this particular project, driven by the need to be on time for the Olympics.

The community might have succeeded in making technical changes to the project that, on the grounds of political expediency; the O-Team would have been politically funded to meet. However, in the aftermath of a State government election that the governing party won convincingly, where the communities in question returned opposition members, this outcome was always unlikely. More probable was what occurred: that the Review of Environmental Factors (REF), conducted by the State Department of Urban Affairs and Planning (DUAP), would insist that the local community would have to bear the impact of the vents on the environment. The community was obliged, however much it might protest, to recognise that there seemed no way past the assurances that the engineers offered.

### **Implications**

From the point of view of the partners in the O-Team, the designer culture through which governmentality was arranged was clearly articulated and understood at the project HQ level. At the level of the construction sites it was not as clear that the



culture was as real, different or tangible. At the community level, at least in some crucial sites, things were even muddier and the culture much less real. What at an alliance level looked like admirable flexibility and opportunity for concurrent engineering solutions, looked to the community like a conspiracy against their interests. These stakeholders, under present arrangements, realized the potentially adverse impact that the venting station might have on their property values. The trade-off they faced was between a future, cleaner public amenity as against the possibility of foul aromas in the local air and associated health scares – such as legionella. The trade-off seems much less rational than the fear of property values declining because of the introduction of something alien into the environment or the fear that the community is at risk of bacterial infection. The fear of fumes and pathogens is not easily capable of being rationally countered by a probabilistic model of what the environmental impact of venting will be.

Where what a community perceives as its real interests in its immediate vicinity can be met without alternate trade-offs that threaten future adverse impact, then the management of the community impact can be extremely impressive. Everyone can be a winner. But it would seem that in densely settled urban neighbourhoods, where such trade-offs cannot be assured, then the O-Team style of governmentality does not eliminate zero-sum politics. While positive power largely replaced zero-sum conflicts within the designed culture it remained evident in dealings with the external community stakeholders.

Governmentality worked well within its remit within the O-Team but it did not easily extend beyond it and it was this that undercut it. Zero-sum politics undercut the whole

basis of the O-Team governmentality – its monetisation for the contracting parties. Such an outcome occurred because the failure to achieve outstanding performance on the community KPI threatened the returns that the project management sought to secure from the risk/reward scheme. While other KPIs, such as schedule, cost, safety, and even environmental impact, remained managerially outcomes focused, the community KPIs were more process oriented. It is in this, perhaps, that the limits of alliancing as a governmental strategy may be encountered. An alliance culture may be something that one can engineer but achieving control of a popular culture may be that bit harder.

The alliance form of governmentality solved many problems for the O-Team and in many respects proved to be an excellent example of liberal governmentality. It sought to design, culturally in a common practical consciousness that coordinated actors who might otherwise have been contractually committed to being at loggerheads with each other. Conflict was largely minimized within the O-Team and between the O-Team and site employees. These actors became subjects of responsibility, autonomy and choice. They sought to act upon a common project through shaping and utilising their freedom. On the whole, they did not occupy positions where one organizational actor sought to achieve dominance. Instead they tried to construct what Romme (1999) refers to as a ‘circularity of power’, where feedback was centralized and authoritative power relations tempered by relations of self-determination (Romme, 1999).

Yet this world of harmonious governmentality was not a closed-loop feedback system because of the discrepancy between ambition and outcome in the attainment of the community KPIs. What are we to make of this failure? One way would be to see an

older style of zero-sum realpolitik emerging like a wraith from the rhetoric of the community liaison committees, easily recognisable in terms of the emergence of familiar adversarial and non-transparent types of politics and discourse. From this perspective, it may be concluded that governmentality premised on alliancing offered a great deal to construction culture, in highly urban areas, at least, but that there has to be some way of translating the interests of empowered stakeholders in the community into the responsibilities of the project. Otherwise, alliancing risks being undercut by the very processes that it develops, if it produces a cynical and irresponsible empowered set of stakeholders. Of course, this is not a specific problem for alliancing but it does test the limits of the O-Team governmental philosophy.

Could community stakeholders have been empowered through granting them some governmental status that the O-Team philosophy had denied them? One way, perhaps, that this might happen would have been through Councils and other local organizations becoming involved in the risk/reward factors, making them financially interested stakeholders. Partners such as the O-Team might resource them, precisely to investigate alternative rationalities concerning contentious issues, within parameters agreed beforehand. Alternatively, they could be given managerial representation on the supervisory body overseeing the project, as occurs in some countries, such as Sweden, for instance. Ultimately, O-Team type relations could have been made more inclusively binding by extending governmentality to agencies that were external to the collaboration. However, that would have challenged the limits that were designed into this governmental exercise in the first place – as an exercise in political incorporation rather more than governmental inclusion.

Within the O-Team, some questions can also be raised about the roles of the various parties. The overall Project Manager for the O-Team was not from the organization that would eventually have responsibility for the project outcomes. If the Project Manager had been a senior manager from this organization, the Deputy Project Manager might have come from the construction company, and the project initiating organization would not have had to bear the impact of being in the firing line as much as was the case. Once the project was smoothly underway, and the community-specific and site-specific grievances dealt with, the roles might have switched. The construction expertise could have been put in the hot seat once the issues were more technical and less political. However, in the start-up phase, when the project was very political, it might have been better to have someone reporting directly to the CEO of the public sector body leading the project. Whatever might be feasible as political solutions could only come from this organization because its representatives on the project board simply did not have that authority or expertise. Although a governmental design was put in place for the alliance it was not one that had exclusive sovereignty attached to it: it remained subsidiary to the project initiating organization from the public sector.

To the extent that some of these issues – such as the community disquiet about the exhaust venting – would have surfaced irrespective of the mode of governance, one could say “so what?” However, this would be to underestimate the centrality that these issues assumed in both community and project deliberations as well as the challenge they posed to the governmental model. While the collective capacity to act autonomously – translated into effective capacities for negotiation, decision and action – produced partnership, it also produced feedback. In such a partnership, in a

quality management context, the discrepancy between ambition and outcome became registered through such feedback.

Feedback is essential to constructing a public future perfect (see Wittgenstein, 1972, on “public” as opposed to “private” languages). In a world organized by projects managing means a permanently shifting future perfect, as more feedback revises the here and now, shifting the projections each time. When the future is monetised into KPIs that do not represent the interests of every party in the circularity of power, the injunction to do better next time is likely to be inherent because of the sense that not all stakeholders are equal. Indeed, this is a fundamental challenge for stakeholder models – how do they deal with the differential power of stakeholders and maintain liberal governmentality? The personal projects and ambitions of individual actors who will not, or cannot, become economically rational agents, will not form alliances with a future perfect imagined by organization authorities and dominant organizations, even as they implement forms of self-determination. Thus, as Morin (1984) suggests, the registration of error (or failure) may be a necessary prerequisite when organizing through a continuing circularity of power. In fact, the mode of governmentality developed requires it: without error nothing would be registered to correct or improve – a touchstone of quality management approaches in general. But those stakeholders who cannot be controlled are not so easily governed either.

### **Conclusion**

Being strategically future perfect in orientation is no guarantee of a perfect future. How could it when the here-and-now is constantly shifting, as Schutz (1967) understood only too well? But it is not just the temporal element, which Schutz

focused on, that is significant, as we have argued. There is also the matter of governance by governmentality (Foucault, 1994), which *seeks* to make the here-and-now cohere for all participants. The emphasis is on ‘seeks’. As Rose and Miller (1992) appreciate:

We do not live in a governed world so much as a world traversed by the “will to govern”, fuelled by the constant registration of “failure”, the discrepancy between ambition and outcome, and the constant injunction to do better next time’ (Rose and Miller, 1992: 191).

While Rose and Miller (1992) see what one might ascribe as a certain “metaphysical pathos” (Gouldner, 1955) in the will to govern one can also see a certain organizational logic of action – that of Romme’s (1999) notion of a “circularity of power” – as the central ethos of governmentality. The failure of governmental remit through some community liaison arenas signified not so much a flawed project of participation and empowerment undercut by the recalcitrance of circumstance so much as the limits of stakeholder management. Paradoxically, the success of these governmental processes is related to their failure: continuous improvement in search of excellence requires some failure as feedback to improve.

Moreover, the democratic inclusion of stakeholders and their empowerment – at a distance – through KPIs did not signify a fundamental change in an authoritarian form. Despite borrowing from the rhetoric and practice of liberal governance such organizational projects remained resolutely limited by their formal constituencies. Managers and employees of independent organizations that enter an alliance to create a common project with a common culture and shared practical consciousness may do so successfully. But extending this beyond the limits of corporate – in this case – alliance – sovereignty is another matter. While organizations may use governmental means to assure their internal sovereignty, they still have to deal with a world of other organizations and individuals outside their sovereign realm. . Creating an alliance of

contractually committed organizational stakeholders is no mean accomplishment. Having done this, they then have to deal with other subjects potentially sovereign in their own right. Some of the community members and organizations clearly fell into this category. However, an organizational society of responsible stakeholders remains still a distant dream – or, perhaps, with Marcuse (1971) one should one say nightmare - of power, rather than something that has yet to be realized.

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