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## **Dissemination of Management into Politics: Michael Porter and the Political Uses of Management Consulting**

### *Abstract*

The paper contributes to the literature on management dissemination by looking at how management fashions are diffused into and circulated in politics. The ideas of management have been increasingly disseminated into the realm of politics during recent decades. To illustrate how this takes place, this paper examines the dissemination of Michael Porter's ideas on national politics. Porter's work is considered a management fashion that has been skilfully packaged; a new form of the 20<sup>th</sup> century tradition of state-led social engineering which takes the form of management fashion-style packaging. For this he is seen as a global guru in national politics, and this development is regarded as a new form of consultocracy in the realm of democracies. In consultocracy, the ideas of management consulting are often adopted into politics as a common justifying rationality of power for the political elites. Thus we call for further research on the underlying dynamics of the power involved as management fashions are disseminated into the realm of politics.

*Key words:* management dissemination, management fashion, national competitiveness, social engineering, technocracy, consultocracy.

## **Introduction**

In recent decades, management ideas have been increasingly disseminated into the realms of politics, state and democracies, as there has been an influx of ideas from the business sector into the realm of government and politics (Christensen and Laegreid, 2002; Clarke and Newman, 1997; Considine, 1990; Nethercote, 1989; Pollitt, 1993; Pollitt and Bouckaert, 2004; Saint-Martin, 2000).

We argue that what makes these developments particularly interesting is that “non-political” actors such as management gurus, professors and consultants (Abrahamson, 1996, 1999; Engwall and Kipping 2002, 2004, 2006) have all gained an increasingly important role in the running of the state. Indeed, management ideas have been penetrated into the political realm to an extent which has given rise to questions of “shadow government” and “consultocracy”: are consultants usurping the power of elected officials by bringing into their sphere of expertise matters that they define as managerial, but which are essentially political (Saint-Martin, 2000, p. 205-206)? This worry has become all the more pervasive as the growing importance of management practices in the running of the state has been paralleled by a growing sense of politics as something which is opposite to management; something negative or even harmful (Hay, 2006).

We address the question of consultocracy by looking at the global dissemination of Michael Porter’s ideas on national competitiveness (Porter 1990/1998a, 1998b). We take his work as an example of how management knowledge has been disseminated into the realm of politics internationally (Ruef, 2002; Ernst and Kieser, 2002; see also Craig, 2005).

The dissemination of management ideas into the realm of politics has often been described as the rise of neoliberal political thought (e.g., Harvey, 2005). Our take in this paper is different. We consider Porter’s work reflective of a more general problem of rationalism entering

politics (Oakeshott, 1991, p. 99-131). In particular, we build here on works which examine state-initiated social engineering (Scott, 1998) and scientifically grounded administration (Porter, 1995; Poovey, 1998).

The 20<sup>th</sup> century in particular was characterized by the development of state-led social engineering allied with state power, powerful officials and heads of state (Scott, 1998). ‘Mechanical objectivity’ served as a means of bureaucratization in democracies, as expert judgement and expertise were used to create an impersonal set of decision rules (Scott, 1998, p. 368; Porter, 1995). This perspective has been called as a distinctive optic through which modern politics can be analysed. A perspective through which, for instance, many actual failures of carefully planned development schemes, have been viewed (Scott 1998, p. 3).

Michael Porter’s work on national competitiveness is seen in this context as a late 20<sup>th</sup> century form of state-led engineering (Scott 1998, p. 98-99). We, on the other hand posit that it represents a new variation of this, as it has simultaneously worked as a management fashion. The ideational roots of national competitiveness also clearly lie in the business school literature, where it has been a basic concept for strategic analysis (Lall, 2001, p. 1503). Therefore, we also examine it from the viewpoint of management dissemination; as a management fashion entering politics.

We suggest that in Porter’s work, state-led social engineering has been combined with the production and dissemination practices of management fashion. This view, we claim, helps us understand why there is very little evidence on the actual effectiveness of the politics and policies of national competitiveness.

National competitiveness became a political buzzword in the 1980s (Rosamond, 2002, p. 168; Hay, 2004; Fougner, 2006; Hämäläinen, 2003). Despite the impressive march of Schumpeterian national competitiveness into the agenda of politics, relatively little has been written on its actual impact. The theories of competitiveness and innovation are often discussed as how-to questions (e.g. Grant, 1991; Talalay et al., 1997; Hämäläinen, 2003), and critics have analysed the

notion of competitiveness as a form of economic impetus introduced into the realm of politics (Petrella, 1995; Rodrick, 1997, p. 69-85; Rosamond, 2002; Hay, 2004; Fougner, 2006). However, there is very little evidence on the actual impact of these developments, with regard to improving any nation's economic performance. We suggest that the lack of evidence on the actual efficacy of competitiveness policies suggests that national competitiveness has worked as a management fashion in a way which has relatively little to do with increasing the organization's economic performance and instead has a predominantly symbolic meaning (Abrahamson, 1996; Abrahamson, 1991, p. 588). Moreover, we posit that rather than being an effective way of improving a nation's economic performance, national competitiveness has often been adopted by the political state elites as a common justifying rationality for exercising political power (Flyvbjerg, 1991; McNeill, 2005).

Thus we suggest that the consulting of national competitiveness has the qualities of a global management fashion, which mainly has a symbolic function to signal that the government is innovative, yet rational and functional (Abrahamson, 1996; Abrahamson, 1991; Carson et al. 2000). We propose that the symbolic performances by a global guru form a new kind of variant of the state-initiated social engineering in this era of economic globalization. The ideas of management are circulated around the world by a global consultocracy, promising a technocratic solution to political problems. As such, ideas of national competitiveness serve to enhance a political imaginary which is anti-political (Barry, 2002), and easily neglect the role of civil society and the civil sphere (Alexander, 2006), which are essential in democratic societies.

We do not maintain that this would be the prime purpose of Porter or any other consultant. Indeed, there may be advantages in terms of increased efficiency in bringing management terms and trends into the political arena; we do not dispute such benefits. However, we find that the context of democracy and civil society should be taken into consideration when democracies and political realms are consulted.

The paper is structured as follows: first we review the dissemination of Porter's ideas and theories of national competitiveness in the light of management fashion literature; second, we look at his work and his establishment as a global guru of competitiveness: how his theories of national competitiveness have been developed, packaged and globally disseminated into politics. To demonstrate the practical uses and workings of his theories in political life, we shortly describe the case of Finland. Finally, based on our case study, we suggest questions for further research on the dissemination of management into the realm of politics.

### **On the Dissemination of Management: Porter's national competitiveness**

Management fashions and buzzwords change rapidly, and have grown exponentially in number, which has resulted in increased research on the management knowledge industry (Engwall and Kipping, 2004, p. 243). This is illustrated by a growing interest in the dissemination of management paradigms (Barley and Kunda, 1992; Guillén, 1994), management rhetorics (Kieser, 1997), and in particular, management fashions (Abrahamson, 1991, 1996; Carson et al., 2000).

Porter's work on national competitiveness can be viewed as a management fashion or even a paradigm which has been disseminated into the realm of politics. It (Porter 1990/1998a, 1998b) exemplifies the rise of Schumpeterian competitiveness, which became a major way of understanding the role of the nation state in the globalized economy (Freeman 1984, p. 503; Krugman 1995; Hämäläinen, 2003, p. 83). Consequently, Porter developed his model as a new packaged solution applying Schumpeterian competitiveness to the management of the nation state. Management fashions typically appear to provide "efficient means to important ends and new as well as improved relative to older management techniques" (Abrahamson, 1996, p. 255.) They are managerial interventions, the purpose of which is to encourage better organizational performance (Carson et al., 1999, p. 320.). Management by objectives, quality of work life programmes, total

quality management, and re-engineering are all examples of management fashions (Carson et al., 2000, p. 1144.) Porter's schema of national competitiveness fills the criteria of a management fashion as it has been introduced as a new, efficient way of managing national politics in rational, functional, and innovative ways, and by encouraging better performance (Carson et al., 1999, p. 320).

Porter has developed his ideas through his research work (Porter 1990/1998a; 1998b), at the same time packaging them with great skill into sellable products: technical solutions to often political problems (such as low national productivity) that can be bought and sold. This packaging clearly carries logic typical for management fashions. As Abrahamson (1996) posits, business schools and consultants fiercely compete over who sets the next fashion, and Porter's home base – Harvard Business School – has a particularly long history of packaging and selling management fashions (O'Connor 1999; Friedman 2004)). In this process, old ideas are often recycled by placing them into a new context. This is typical for Porter's thinking, in which the ideas of strategic management have been put into a new context: the management of nations. In management fashions, ideas are often recycled in ways which make them appear new by using them in a new guise (Koontz 1961, 1980, Lemak 2004, p.1309). This recycling of old ideas can be explained by the economics of management consulting. The management fashion cycle needs to spin because different fashions-setters – consulting firms, management gurus, business mass-media publications and business schools – all live off this process (Abrahamson, 1996; Engwall and Kipping, 2006, p. 97; Engwall, 2007, p. 18).

In Porter's case, the long process of cycling and recycling his ideas has been so successful that his work might also be considered a paradigm, due to its long, broad prevalence. A management paradigm is defined as “systems of interrelated ideas and techniques that offer a distinctive diagnosis and solution to a set of problems” (Guillén, 1994, p. 7.) Scientific management, the human relations school, and structural analysis each provide an example of a paradigm (Guillén,

1994; Barley and Kunda, 1992; Wren, 2005). Porter's work on national competitiveness has been broadened by adding national case studies to the overall body of his work and by extending his framework of national competitiveness to a variety of policy sectors.

What is also of interest is how Porter's ideas have been carefully packaged as something new: innovative, enticing and attractive solutions brought to light by a global guru. As such, Porter can be considered a major fashion-setter in the realm of politics. Eric Abrahamson (1996) pays particular attention to management fashion-setters, i.e. consultants, academics, management gurus and business media. According to Abrahamson (1996), the management fashion-setting process includes the launching of new management fashions by the different *suppliers* of the management knowledge market (i.e. consultants, academics, management gurus and business media), that compete fiercely over who gets to be the initiator of a new management fashion. The fashion-setters sense management fashion demand, and attempt to meet this demand by creating and selecting management techniques to launch into fashion. Porter's work can be understood as a fashion-setting process whereby he has skilfully seized the moment by developing packaged management fashions as solutions to political problems that nation states are experiencing.

It is particularly interesting to look at how Porter's ideas are used by national political actors in order to legitimize their own position. Porter's ideas have become useful for national politicians who need to launch new ideas and concepts as political solutions for national problems. Economic globalization in particular has created new problems for many countries, and a need has emerged to formulate a political programme that addresses the new conditions of economic globalization in a convincing way. Thus Porter's work has been received enthusiastically, as national leaders have seen him as a channel for showing that a particular country's policies are up-to-date with latest global developments, thus using him to legitimize the position of national leaders. In this sense, Porter's work is similar to other management fashions which also typically thrive to build up rhetorically effective schemas based on the newness and rationality of a particular idea.



## **Politics of management dissemination**

What remains perhaps the most interesting issue, however, is the actual outcome of Porter's work. While his work has been presented as packaged solutions to national problems, the question of their real effects remains open. Many argue that the popularity of managerial approaches depends partly on their ability to provide solutions to practical managerial problems (Alvesson, 1990; Guillén, 1994; Abrahamson, 1997), while others claim that they do little to increase organizations' economic performances, and have more of a symbolic function, such as to signal that the organization is indeed innovative (Abrahamson, 1996; Abrahamson, 1991, p. 588). Abrahamson and Fairchild (1999; see Abrahamson and Eisenman, 2001, p. 71) also suggest that the dissemination of management knowledge entails, on the one hand, the amplification of rhetorics revealing organizational performance gaps, and on the other, championing management techniques capable of narrowing down these very gaps.

In the case of Porter, the crucial question is whether a nation's competitiveness can be improved by management techniques. The critics of national competitiveness claim that state-led engineering is rather useless in the process of enhancing the competitiveness of single businesses, not to mention the competitiveness of a whole nation. There is scant assessment or evidence of the actual outcomes of Porter's work on which we would like to call upon for an evaluative approach to the actual outcomes of these exercises. Whether they are effective in improving the competitiveness of a national economy or whether they are legitimizing devices for political leaders helping to formulate political programmes that make both the fashion-setter and his users appear credible with no or little real life outcomes. In this we are in line with Birkinshaw, Hamel and Mol (2008, p. 825) who explore management paradigms, fashions and trends from the viewpoint of management innovation. They argue that an agency perspective, i.e. a perspective on how management

innovations and the individuals driving them deliver improvements to organizational effectiveness, is lacking from the more dominant institutional and fashion perspectives, and thus call for more research in this field (ibid. p. 825).

In particular, we argue that with regard to dissemination across dissimilar organizations, the diffusion of management ideas into political life is largely lacking in the literature on management dissemination. Abrahamson and Fairchild posit that management discourses and techniques disseminate across *dissimilar* organizations, in spite of their context (1999, p. 708; see also Abrahamson, 1991.) The extent to which the organizations adopting management fashions shape the fashions in the adoption process is little researched (Ansari et al. 2010). The different players of the field start to resemble one another, developing a *Zeitgeist*, the characteristic spirit of a period (Alvesson, 1990). Moreover, *institutional isomorphism* often develops, in which units facing a similar set of environmental conditions start to resemble each other (DiMaggio and Powell, 1983). This seems to be the case in the concept of competitiveness, which is applied in both the private and the public sector, and across nations. The role of consulting in the diffusion of management fashions has also gained growing interest in recent years (Engwall and Kipping, 2002; Engwall and Kipping, 2004). The role of management consulting in the context of politics has, however, received less attention, though the need to research the use of political rhetoric has been recognized as important (Comtois, Denis and Langley, 2004). Despite think-tank studies, academic analysts, and consultants working for profit-based organizations (Saint-Martin, 2000, p. 206), neither the dissemination of management, nor the role of consulting businesses have been explored in the light of political and democratic theory.

Porter's case on national competitiveness, and the entrance of management fashions into the realm of politics, raises the question of whether management consultants could be seen as fashions-setters in the realm of politics and democracy. We regard Porter's work as fashion-setting, as it has played an important role in introducing the concept of competitiveness into the political

sphere. Therefore, we examine *how the concept of national competitiveness has been disseminated into the realm of politics.*

In doing this, as well as following the management dissemination literature, we bring into the fore a body of research that looks at the dissemination of management ideas from the viewpoint of the rationalization of politics (Oakeshott, 1991). Management consulting has its roots in early 20<sup>th</sup> century engineering ideologies – mainly scientific management – and management consulting practices still bear a resemblance to the technocratic ideas of social engineering. (Scott, 1998, p. 38-40; Ruef, 2002, p. 76). This historical legacy becomes important as management practices are introduced into the realm of politics, democracy and civil society. Historical studies on the forms of state-led social engineering (Scott, 1998) and the construction of scientific and ‘objective’ rationality (Porter, 1995) in political life have been conducted. With regard to late 20<sup>th</sup> century developments, a growing body of research has been focusing on the technicalization of politics (e.g., Callon, 1998; Foucault, 2007). These works address the question of imposing economic or scientific rationality, or expert knowledge on politics. An important element in these developments is the increasing weakening of democratic processes due to the “managerialization” of politics (Pollitt, 1993; Clarke and Newman, 1997; Saint-Martin, 2000), narrowing down the realms of democracy and politics (Hay, 2006, Schedler, 1997). Management consulting can play an important role in this process, as it has helped to provide common rationality for the exercise of power (Engwall and Kipping, 2002), and we would like to assess whether Porter’s work can be understood in terms of narrowing down the political realm , i.e. as a technical solution to political problems.

Moreover, what is of particular interest is the global reach of Porter’s ideas. Before this, the adoption of management paradigms and fashions had been predominantly studied on the national (Barley and Kunda, 1992; Banmen, 1971; Merkle, 1980; Kipping, 1997) and institutional level (Guillén, 1994). The use of management practices and techniques in different business

branches have also received some attention (Seeck and Eräkivi, 2008). Some studies analysed the arrival and adoption of a single paradigm or fashion in the context of one particular country; for example, the adoption of Taylorism in Japan (Warner, 1994) and Human Relations in Turkey (Üsdiken, 2004a). Research on the dissemination of management ideas has also paid attention to the process of “Americanization” (Schröter, 2005; Üsdiken, 2004b; Engwall, 2004.). Management consulting (Kipping, 1997; Ainamo and Tienari, 2002), and management education (Kipping et al., 2004; Üsdiken, 2004b) in particular have been examined from this point of view. However, lately there has been a growing interest in the global level: how the ideas, objects and practices of management theory are 'travelling' in the global economy (Czarniawska and Sevón 2005, Drori et al., 2006; Stone, 2005). Porter’s work on national competitiveness has been used extensively by governments around the world (e.g., Stonehouse and Snowdon, 2007). The dissemination of his work as a “global guru” can be seen as an example of profit-orienting “policy entrepreneurs” and “research brokers” that work increasingly globally, and have an impact on political life (Maxwell and Stone, 2005). At times, information cascades can lead to herding behaviour. This phenomena is prone to take place in cases where the early adopters of the fashion or practice are “high status individuals or are perceived to have special expertise, leading other firms to imitate them, even if their private information indicates that this adoption is not beneficial (Banerjee 1992, cited in Ansari et al. 2010, p. 70). Porter is a “high status individual” with guru-like characteristics, Harvard is an institution associated with foremost prestige, and national competitiveness has, from its early days, been applied in a number of countries at once. Might we thus witness herding behaviour among nations applying the concept? Hence our question as to whether Porter can be seen as an example of global consultocracy: a case of the dissemination of management fashion into politics on a global scale.

## **The rise of Schumpeterian competitiveness**

If one were to name the most influential political thinker of the 20<sup>th</sup> century, Joseph Schumpeter would be a plausible option. His ideas started to gain momentum in the 1970s due to the oil crisis and the emergence of new information technologies. By the 1980s, new theories on the importance of innovations and technological change, as well as the structural dynamics of economic development, had become prominent in economics (Freeman, 1984, 1990; Stoneman, 1995; OECD, 1997; World Bank, 1997.) This new trend was backed by increasing research interest in innovations, the role of patents and, most notably here, in the influence of innovation on competitive trade performance. Thus trade theories also started to feel the impact of the Schumpeterian imagination.

Since Ricardo, the theories of national competition had been trying to define the factors affecting a given country's competitiveness. In the late 1970s, both Ricardo's classical theory and the most dominant Heckscher-Olin model of that time were challenged by Schumpeterian thinking. In the new trade theories, technology-related factors were seen as central to a country's trade performance. Consequently national competitiveness was strongly associated with the Schumpeterian emphasis on technology and innovation (Krugman, 1995; Starr and Ullman, 1988; Stoneman, 1995, p. 1; De la Mothe and Dufour, 1995, p. 219; Sharp, 1997; Fagerberg, 1988, p. 361-371; Hämäläinen, 2003, p. 35-53, p. 104-112). In the 1980s, technology-driven competitiveness became a central way to redefine the nation state (Freeman 1984, p. 503; Hämäläinen, 2003, p. 83). As the world economy became more liberalized and globalized, the existence of the state needed to be addressed and rectified. Competitiveness fitted the niche nicely, as it seemed to promise a way ahead.

Subsequently a number of organizational management scholars and business practitioners also became interested in national competitiveness (Hämäläinen, 2003, p. 3). Michael Porter, a Harvard professor and consultant whose background was in the competitive analysis of industries and companies and in strategic management (Stonehouse and Snowden, 2007), was

appointed to President Reagan's Commission on Industrial Competitiveness in 1983. Porter started to apply his approach to countries and published his *Diamond Theory* in 1990 in a best-seller book called *The Competitive Advantage of Nations*, which evolved to become the state-of-the-art theory on nations' competitiveness. Theoretically, Porter stood on Schumpeter's shoulders, combining his ideas with strategic management. Porter asked why some firms based in some nations innovate more than others. (Porter, 1990/1998a, p. 13-20, p. 70.) The answer was found in the tradition of strategic management: "core concepts of competitive and corporate strategy provide the foundation of analysing any competitive situation" (Porter, 1998b, p. 6). Subsequently Porter turned the focus from the industry to its location: governments must strive to think of themselves as business environments in terms of competitive business analysis (Porter, 1990/1998a, p. xxiii).

The success of Porter's theory has been impressive. Porter played an active role in U.S. economic policy as a member of the Executive Committee of the Council on Competitiveness and has advised governments around the world. Most notably Porter has packaged his theories and studies into easy-to-use political tool kits, which have guided economic policy around the world (Porter, 2008). Porter (1990/1998a) originally analysed the competitive advantage of Korea, Italy, Sweden, Japan, Switzerland, Germany, Britain and United States. Next came follow-on books and reviews in Sweden, Denmark, Switzerland, Germany, Korea and India. Porter has also been involved in e.g. competitiveness assessments and national studies in Armenia, Bermuda, Bolivia, Botswana, Bulgaria, Canada, Colombia, El Salvador, Estonia, Finland, Britain, Hong Kong, Ireland, Netherlands, Nicaragua, Norway, Kazakhstan, Peru, Portugal, Russia, Rwanda, Saudi Arabia, Singapore, South Africa, Taiwan, Tartarstan, the United Kingdom, and Venezuela. Moreover he has personally led major studies of economic strategy for the governments of Canada, India, Kazakhstan, Libya, New Zealand, Portugal, and Thailand. (Porter, 2008.) Moreover, competitive analysis of clusters has been carried out in Arizona, California, the Basque Country, Catalonia, Chihuahua, Connecticut, Costa Rica, Massachusetts, Minnesota, Morocco, North Carolina, Northern Ireland,

Ohio, Oregon, Scotland, and Quebec. The World Bank made cluster work its core strategy. There have also been regional projects in Central America and the Middle East. (Porter 1990/1998a, p. xxiii-xxvi; Porter, 2008; Porter and Ketels, 2003.)

Porter has been active in the development of institutions and indicators of competitiveness and innovation. His courses are taught at 57 universities around the world and in 2001, Harvard created an institute to further his work. (Porter, 2008.) He also co-chairs the *Global Competitiveness Report* by the World Economic Forum (WEF) in Davos Switzerland. WEF has become especially well known for its work on indicators, which have become a major industry. The importance of competitiveness indicators has been considerable since the concept was brought onto the political agenda. Indicators result in lists of countries, which can be followed up yearly: a host of political discussions over a given country's listing in the indicator follow the publication of the ratings. The first international competitiveness indicator for national competitiveness in 1979 covered 16 European countries. By 2005 it had evolved into a major assessment covering over 100 countries (WEF, 2005). A somewhat similar indicator has been developed by the World Competitiveness Center of the Institute for Management Development, a Swiss-based management school. The IMD also publishes the world competitiveness yearbook which by 2005 rated some 60 countries using over 300 criteria (IMD, 2005).

Porter has thus skilfully constructed a flourishing consulting "machine", following the traditional Harvard style of packaging ideas into frameworks and applying them to case studies. Porter has moved on from companies and industries to countries, regions and inner-city development, and even further to environmental problems, corporate philanthropy and health care (Porter, 1998b). His success has to do with the Harvard Business School, which is of great reputation and prestige, as it is the best-known business school in the world and has a long history of achieving legitimacy either by itself, or through its 'gurus' providing scientific solutions to industrial problems (O'Connor, 1999, 117-118). Harvard "saleslogy" has developed in a professionalized and

carefully orchestrated way through producing management fashions; Harvard has been one of the most important centres of the “science of marketing”, by systematically packaging and selling its research (Friedman, 2004, p. 151-166). In particular, the Harvard business school has developed a distinctive method for teaching management knowledge (which it produces), namely the HBS case method (Contardo and Wensley, 2004, p. 212). Harvard has been active in gathering databanks since the early 20<sup>th</sup> century, selling the case studies to business schools around the world (Friedman, 2004, p. 151-166). This method is at the core of business school teaching as well as consulting practice, which has large case banks and references at the core of its operations. Through the case study method, Contardo and Wensley argue, it is possible to observe how managerialism, institutionalism and American capitalism become intertwined (2004, p. 212). The case method packages and sells managerial knowledge and analysis in a compact form:

"It [the case method] provides a means of packaging 'knowledge' in a standard fashion and according to specific canons which make cases 'good products'. Sold as 'knowledge products' all over the world, the commodified nature of cases allows the school to exercise systematic influence on managerial and educational environments, for the case captures the 'reality' of business in problems those solutions are exemplified in the form of 'best practices'" (Contardo and Wensley, 2004, p. 212).

The case study method, and associated best practice approach, produces a standardized mode of explanation about what business ought to be about. This in turn, on the one hand produces conformity, and on the other hand, greater legitimization (Contardo and Wensley, 2004, p. 212, see also Forman and Rymer, 1999, p. 373.).

In Porter's case, the marketing is directed to the business of states. Subsequently, his work of building on a standardized frame of analysis, ever-burgeoning data bank of case studies, indicators and curriculums of national competitiveness. Moreover, the process of the standard setting



of international competitiveness indicators is most likely to have played an important role in institutionalizing the concept. Thus, the prestige of Harvard, combined with the at least seeming objectivity of standards had a role to play in legitimizing the concept of national competitiveness.

### **Porter: technocratic imaginary going global**

Porter's work has been appreciated as a landmark theory and there is no question of his importance in the fields in which he works. However, our interest here is in what happens when management practices and fashions are disseminated into the sphere of democracy and politics. From this angle, Porter's theories can be seen as continuing the ideas of state-led and science-based "objective" forms of social engineering (Poovey, 1998; Porter, 1995; Scott, 1998).

James Scott in particular (1998) has argued that the governance of the states in the 20<sup>th</sup> century has been characterized by authoritarian modernism: a utopian project of productivity based on the seemingly rational yet simplified mapping and management of resources. Scott describes 20<sup>th</sup> century state-led engineering as an ideology of the bureaucratic intelligentsia, technicians, planners and engineers, seeing themselves as exemplars of the learning and progressive views to which their compatriots could aspire. Their work was propelled in particular by American Taylorism and the European tradition of "energetics". At the heart of these efforts was the idea of productivism: the simplification of labour and resources into isolated problems of mechanical efficiencies.

Scott (1998, p. 87-99) sums up state-initiated social engineering in four elements. Firstly, it is based on the administrative order of nature and society – the making of simplifications which have transformative power. The second element is a strong reliance on a high-modernist ideology, a belief in science, technology and rationality, and on their capacity to design social order. Both the designers and the state have a crucial role in this process. In order to enforce the planning, one needs an authoritarian state proposing a technocratic fix, a single optimum solution, "best

practice” or “objective” numbers for political problems. Subsequently, civil society has a minor role and often lacks the capacity to resist the plans. (Scott, 1998, p. 87-99; Porter, 1995, p. 33-48.) Moreover, as Scott contends, productivism has been promiscuous (Scott, 1998, p. 98). These ideas have been endorsed by liberal, socialist, authoritarian, and even communist and fascist states.

From Scott’s angle, Porter’s theory of national competitiveness can be seen as a variant of state-led social engineering. The core question for Porter is how to increase productivity (Porter, 2004; see also Ketels, 2006, p. 116-117). In particular his Diamond framework fits well with Scott’s schema as a form of state-initiated simplified mapping. Porter breaks competitiveness down into factors and delineates a seemingly rational step-to-step procedure for improving competitiveness. His list of factors includes the nation’s human and physical knowledge, and capital resources as well as the national infrastructure including, for instance, the transportation system, health care, housing stock and cultural institutions. The task of the government is to analyse all these with respect to their impact on competitiveness and consequently start working on “factor creation” in order to enhance the competitiveness of the nation. (Porter, 1990/1998a, p. 74-81.) Subsequently he maintains that the “diamond theory offers a positive and constructive role for virtually all of the nation’s institutions in competitiveness” (ibid., xxiii).

The Diamond model is also an idealized simplification. It offers a scientific and rational way of solving social problems, as a nation’s resources are mapped in a seemingly clear and unquestionable way. As such it is very much a simplified and abridged map for action described by Scott (1998, p. 3-5). These state simplifications have had an important role in state-led social engineering. They do not present the actual reality of society, but are simplified maps allied with state power for moulding the reality they claim to depict. An important aspect in these state maps is their legitimating force, and they offer a sound basis for top-down political power and action.

Porter himself describes his Diamond model as a bottom-up model and as complementary to the “more traditional top-down approach to economic development”, as he is

interested, in the Schumpeterian vein, in how firms compete (Stonehouse and Snowdon, 2007, p. 263). However, at the same time, he implicitly ends up as a top-down consultant of national competitiveness, as he claims that there is a rational way of planning and increasing productivity. The role that is given to each “nation’s institution” is conditioned by the overall plan of increasing productivity. Thus, as Porter ponders the role of culture in economic “progress” he sees that the key lies in changing the rules. As he claims: “I think that economic culture is very heavily derived from the incentives and reality that people face” (Stonehouse and Snowdon, 2007, p. 270). Thus Porter ends up recommending changing the rules if one wants to change the culture in a country with low productivity. This approach is very much a top-down model. The target of change is given: the population should become more productive. And in order to impose the change, one needs to develop incentives which make people act more productively.

This technocratic tone is also evident in the place of civil society in Porter’s thinking. Instead of looking at the bottom level, he places his hopes on the leaders, as “government leaders have a role to play in creating or elevating the national priority placed on competition” (Porter, 1990/1998a, p. 681, p. 615). Porter describes a society disciplined through competition and rivalry and the task of the government is to think about building incentives for its citizens whether they like it or not. “There is a vital role for pressure, and adversity is the process of creating national competitive advantage” and governments must push firms “even though this may be an unsettling and even unpleasant process.” (Porter, 1990/1998a, p. 681.)

There is no real place for civil sphere or civil society, which have been the cornerstones of political life (Alexander, 2006); citizens have no say in the conduct of affairs. Instead the leaders have the right knowledge and an obligation to guide and pressure the citizens accordingly. In this sense, the Porterian imaginary is an authoritarian one. As Scott describes state-led social engineering: it is the ideology of the bureaucratic intelligentsia, technicians, planners, and

engineers: “The elites who elaborate such plans implicitly represent themselves as exemplars of the learning and progressive views to which their compatriots might aspire” (Scott, 1998, p. 96).

The top-down ideas of leadership are of course understandable in the case of business management. However, in the case of a nation, management trust in leadership and top-down planning easily turns into social engineering. As Scott points out in his account, an assumption exists that something called the nation’s competitiveness can be improved by careful rational planning. This is a firm belief in the power of planning: things will happen if they are planned carefully enough. This echoes the teachings Frederick Taylor among others, which date back to the beginning of the twentieth century. This belief forms the core of the technocratic imaginary. Scott defines technocracy as a belief in the Plan (Scott, 1998, p. 112-113), a conviction that the human problem has a unique solution, which an expert can discover and execute. The ideas of national competitiveness suggest that there is a pool of national resources, people and industries that can be rationally mapped and consequently engineered. This idealized schemata is legitimized and performed by the assessment methods and indicators of competitiveness and innovativeness. Thus, the introduction of competitiveness seems to form another version of state-led engineering and productivism, in particular in the late 20<sup>th</sup> century conditions of globalization.

Accordingly, national competitiveness as a political goal promotes consensus and convergence in management theory (De Cock and Jeanes, 2006). Distinctions and political cleavages within the country lose their meaning as the common struggle for creating a competitive environment takes over and helps to reorganize the state along the logic of competition. As the U.S. Competitiveness Policy Council announced in its report in 1993:

“The United States must adopt a comprehensive competitiveness strategy. Each key component of the problem must be addressed. Among other things this will require new governmental mechanisms to formulate and coordinate policy across the widely diverse array of issue-areas.” (Competitiveness Policy Council, 1993.)

What is also interesting in Porter's case, is the careful orchestration of his work as public performance. Traditionally it has been asserted that the technocratic imaginary works on simplified and seemingly rational plans (Scott, 1998) and 'objective' numbers (Porter, 1995). However, Porter's work is typified by carefully orchestrated performances; a consulting business of national competitiveness following the tradition of Harvard style saleslogy (Friedman, 2004, p. 151- 166). Porter has taken an active and visible role in the marketing of his ideas and has developed a well-organized, skilfully managed business; inventing, producing, packaging, selling, and performing what might also be seen as political ideas. When he assesses a given nation's competitiveness, the assessment often has a high public profile. The launch of his ideas and recommendations for a given country is carefully orchestrated as a major occasion in national publicity including public appearance, seminars, talks and discussions among elites, as well as public interviews. Thus a global guru appears, whose credibility is carefully orchestrated by the consulting machine: theory, case studies, institutions and indicators, carefully packaged and delivered, communicating an aura of authority and credibility.

This side of Porter's work brings out an important element of management knowledge dissemination: the rise of performative consultants in political life. Management gurus and consultants have gained a very visible role in societies and in politics (Ernst and Kieser, 2002, Huczynski, 1998, Saint-Martin, 2000). As Thomas Osborne suggests, a new group of "mediators" has emerged; intellectual workers as enablers, catalysts and brokers of ideas. Management fashions are operations which are carefully planned and orchestrated, in order to reach the right audience (Abrahamson, 1996). Ideas are not used unless they are capable of being "mediatised" in the sense of being performative, capable of arousing attention and making a communicative difference (Osborne 2004, p. 440-441).

Porter's performative style suggests that a new performative element has emerged, combined with state-led engineering. Clark and Greatbatch (2004, p. 417) interestingly point out how gurus and management fashions are produced as worldwide media-driven events that capture the attention of the media public. Mass media act as gatekeepers in management diffusion (Hirsch, 1972). Similarly, Porter pays great attention to the ways in which his message is communicated and performed. As Porter's theories are linked with the practices of strategic planning and competitive market analysis, they become packed as globally marketed tool-kits for developing societies from above, as rational planning which gains its objectives from scientific and 'objective' methods. At the same time this imaginary is, par excellence, the global imaginary of technocracy from above.

### **In the Name of Competitiveness: Political uses of competitiveness**

So how should one understand the popularity of national competitiveness schemes in political life? From the viewpoint of trade theory, Paul Krugman has challenged the use of national competitiveness, as he sees that nations do not compete with each other in the same way as corporations do. International trade is not a zero-sum game: the major industrial countries are also each others' main export markets and each others' useful suppliers of useful imports. Krugman sees the concept of national competitiveness as "mindless" or, at most, "a poetic way of saying productivity". Krugman also has a critical eye on the new trade theories emphasizing the importance of technology, innovations and knowledge. He claims that the models are "too flexible" as "too many things can happen" (Krugman, 1994, 1995, p. 360-361.). Their actual ability to measure or predict is thus weak. Similarly Paul Stoneman suggests that questions on competitiveness might have grown faster than our ability to answer them. (Stoneman, 1995.)

This is the central dilemma regarding the political uses of competitiveness. It is a concept which is easy to toss around but hard to meaningfully define. In real life, the world does not stand still and wait for the general strategic plan and planners to take the lead. (Boeytt and Boeytt,

1998, p. 192-194.) Gary Hamel and C.K. Prahalad self-critically recognize the problem of competitiveness on a company level:

“Driven by the need to understand the dynamics of battles like these we have turned competitiveness into a growth industry. Companies and industries have been analysed in mind-dumping detail, autopsies performed, and verdicts rendered. Yet when it comes to understanding where competitiveness comes from and where it goes, we are like doctors who have diagnosed a problem – and have even found ways to treat some of its symptoms – but who still don’t know how to keep people from getting sick in the first place” (Hamel and Prahalad, 1998, p. 35.)

Their problem is a clear one: it is hard to predict the success of a company. When the same prediction is supposed to take place for a whole nation, a definitive answer is even harder to give (see also Fagerberg, 1988, p. 355). Consequently, the indicators of national competitiveness have been very poor in predicting the economic success of a given country (Rouvinen, 2005). Sanjaya Lall analysed *The Global Competitiveness Report*, and found several deficiencies: the definitions were too broad, the approach biased, and methodology flawed. Many qualitative measures were vague and redundant, severely weakening the value of the indices for policy purposes (Lall, 2001).

There are also the familiar and mundane difficulties of scientific measuring. As Buduru and Pal (2008, p. 14) point out, there are several risks involved with aggregating individual indicators. The problems usually boil down to the specificity of the original indicators, which are submerged. This may lead to a less meaningful indicator, as it is hard to know what is actually measured. The IMD, for instance, has included over 300 factors in its indicator, listing e.g. domestic trade, international trade, employment, prices, public finances, fiscal policies, institutional frameworks, societal frameworks, productivity, labour market, finance, management practices, attitudes and values, scientific infrastructure, health, environment and education. (IMD, 2005.) All

these are summed up and covered by precise ratings, which position countries according to their alleged competitiveness. Moreover, many of the indicators are also opinion-based and may thus be unreliable (Buduru and Pal, 2008, p. 14).

These problems and weaknesses of national competitiveness have not been able to stop its widespread uses. In practice, the policies of national competitiveness have had a strong element of state-led development. The concept has been utilized as an overtly national concept, e.g. in the U.S. (Godin, 2004, p. 1221-1222; Krugman, 1994), the U.K. (Keep and Mayhew, 1999, p. 2; Oughton, 1997, p. 1487), in German-speaking and Nordic countries (Streeck, 1998, p. 438-440.), and in the EU (Heidersohn and Hibbert, 1997, p. 25-26). Most notably, competitiveness also ranked high in the political vocabularies of the left. Clinton's advisors became known for their analyses on the competitiveness of the US economy (Krugman, 1994). In the UK, the new Labour government invited Michael Porter to investigate UK Competitiveness in 2003, focusing on "the productivity-gap with our main competitors" (Beath, 2002; Porter and Ketels, 2003). In Germany, competitiveness entered the political agenda in 1998 with Germany's new red-green government. Moreover, a number of collective Pacts for Employment and Competitiveness (PECs) were particularly popular in Germany and the Netherlands. Thus Streeck talks about a new European "peace formula" between capital and labour. The post-war regime of full employment and income growth has been replaced by a new national regime of competitiveness. (Streeck, 1998, p. 438-440.) In the case of developing countries, talk of competitiveness has been developed into discussions on national development (Lall, 2001), the core question boiling down to making a national plan for choosing the right kind of "technological avenue" to prosperity (Knudsen and Kotlen, 2006).

How would one explain this wide dissemination and popularity of national competitiveness in political life in national settings? In this sense, research which particularly focuses on the ways management knowledge is translated, edited or used to legitimize certain decisions or actors (e.g. Engwall and Kipping, 2004; Czarniawska and Sevón, 1996), seems to



provide a useful insight. Management knowledge is indeed often translated in order to legitimize the aims of certain actors (Abrahamson 1996; Czarniawska and Sevón, 1996). In political life, this function is particularly helpful for politicians, who need legitimating rationalities, i.e. programmes and guidelines to steer and justify their actions. Management knowledge can be particularly useful for fulfilling this need for legitimative knowledge, as it can often be presented as a neutral, technical solution (e.g. Hendry 2006), which seems to have no political stance, thus carrying an air of neutral authority.

Often, of course, this air of factual neutrality is rather a matter of skilful performative technique than an actual fact. Thus, in the case of national competitiveness, critics have pointed out the obscurity of this notion, the basic problem being that it is easy to talk about a nation's competitiveness, but in practice, hard to measure, not to mention improve.

More interestingly, its uses have been in the area of state-led politics. The Schumpeterian idea of competitiveness seemed to be an attempt to reduce the role of the state and increase the competitive dynamics within a society, as competition is the basic mechanism of the market-orientated society (e.g., Beath, 2002, p. 7). However, the actual consequences of this on the dissemination of Porter's work are dependent on local conditions, and should be studied in the particular localised setting. As an example, we have looked at the uses Porter's ideas in Finland, a country that has remained high in international competitiveness rankings since 2000, though its position has in recent years declined.

### **Example of the Use of National Competitiveness: Some Remarks on the Finnish Case**

Porter's ideas were originally used to change the direction of Finnish industrial policies (Kantola, 2010; Ylä-Anttila and Palmberg, 2007; Jääskeläinen, 2001, p. 227 - 240). Finland was hit by a major economic downturn due to the overheating of the financial sector in the early 1990s. Consequently,

Porter's Diamond model was introduced in the country as a new guideline to help the Finland out of recession. Porter's ideas were perceived as a new and promising solution in the economic turmoil, and linked to advancing economic globalization. Porter's ideas on national competitiveness were taken up first by a joint committee of Finnish economists trying to find solutions to the crisis, and then used as a backbone for a national industrial strategy (Jääskeläinen 2001; 227-240).

The major outcomes of Porter's ideas have not so much been in the realm of improving the competitiveness of Finnish industries: there is no proper evidence on their impact in that sense. However, several major political developments have been legitimized by using Porter's ideas and notions of national competitiveness. The major impacts have been in the allocation of public funding.

First, there was a surge of public funding into private sector research and development activities in industrial policies. The government sold major state enterprises and allocated the funds to research and development activities, centres of excellence, industrial clusters, and venture capital activities. The major industries organized themselves into clusters entitled to public support, and the business sector quickly gained 70 percent of public research funding. (Jääskeläinen, 2001, p. 227-240.) In 2006, Finland used 3.4 percent of its GNP for research and development activities and topped the list together with Sweden. These two were the only countries in which public funding on research and development activities exceeded three percent (VNK/Prime Minister's Office, 2007, p. 10-11, VNK/Prime Minister's Office, 2005a, p. 38).

Second, at the same time, the idea of national competitiveness was disseminated into new realms: in budgetary policies it was used to legitimize cuts, particularly in the welfare sector (Määttä, 2005, p. 240-247). As a result, Finland's Nordic welfare model has begun to wane, as the public sector now employs four to seven percent less people than the other Nordic countries (VNK/Prime Minister's Office, 2005a, p. 22, p. 34; VNK/Prime Minister's Office, 2005b, p. 99). Social and health services in particular, the core of the Nordic welfare model, have been subject to

cuts, and from 1990 to 2005, their budget discipline has been the strictest of all the E15 countries (VNK/Prime Minister's Office, 2005b, p. 95-96).

Moreover, competitiveness developed into a political keyword to build up a common rationale for consensual governments. As industrial policies were redefined in the name of competitiveness, other policy sectors followed, and in the late 1990s, competitiveness was used in government programmes to back up, for instance, agricultural, environmental, cultural, and social policies (Kantola, 2006). In the Finnish consensual system, the crucial aim of exercising political power is often to find a common rationality (Flyvbjerg, 1998) and to build “a clan” (Weatherford, 1985) of like-minded actors. The idea of competitiveness was used to fill up the vacuum and to find a common legitimizing rationale for governments, which in turn increased budget allocations for the private sector and dismantled the politics of the Nordic welfare model. At the same time, while the impact of Porter’s ideas was decisive in the redirection of public funds, assessments have failed to demonstrate the actual outcomes of these investments. (Kantola 2010, p. 110-116.)

The Finnish case thus demonstrates how Porter’s ideas were disseminated into politics as a management fashion that was perceived as a rational and effective solution to grave political problems. They were utilized at a moment when the political elite was especially in need of new legitimizing ideas in order to find a way out of a problematic situation.

The ideas clearly had a role in introducing and legitimizing major changes in the allocation of public funding. The changes we introduced as matters of fact pertaining to national competitiveness. In this sense, they were used as a form of global consultocracy and state-led engineering, used by national political elites to legitimize their policies. In some sense, they were also used to back up the national political elite rationality. While the Finnish governments used the ideas of competitiveness to dismantle the financing of the Nordic welfare state, political parties (Nygård, 2006) and citizens (Forma & Saarinen, 2008, p. 169-171; Blomberg & Kroll, 1999) remained supportive of the welfare state. Thus it can be argued that national competitiveness was

introduced in Finland as a state-led social engineering dismissive of civil society, a concept under which the governments were able to overcome their internal differences and find a common rationale for action.

### **Competitiveness as an elite mentality of social engineering**

Judging from the Finnish case study, and also by looking at the wider dissemination of national competitiveness in political life since the 1980s, we suggest that national competitiveness has succeeded in matching the needs and mentalities of political elites. The dissemination of management fashion and their popularity depends on their intellectual and theoretical qualities, as well as on the needs of the dominant elite groups (Alvesson, 1990, p. 33). Elite mentalities are defined by Guillén (1994, p. 25) as "spiritual dispositions"; implicit, subjective and non-reflective assumptions of how the world works, and the prevalent elite mentalities have an impact on whether or not a particular paradigm is adopted (Guillén, 1994). The elites also often need to find a justifying rationality for political action and the exercise of power (Flyvbjerg, 1991; Scott, 1998, p. 3). The actual political uses of national competitiveness seem to suggest that the notion has been used mainly as a legitimating device rather than an actually effective way to raise the productivity of a nation. Political elites are often at the junction of somewhat conflicting interests; the political demands of their "own" voters and their political ideas. This conflict is often solved by developing a common elite rationality under which a variety of interests can be adjusted. A common rationality needs to be found and worked out as a common denominator of the regime. As the notion of national competitiveness is a wide-reaching concept granting everyone a task under the common rationality, it can be used to build a consensual base for the political elites. Similarly, for example, Clintonite Laura d'Andrea Tyson discussed competitiveness in 1995:

“Like most buzzwords, competitiveness has symbolic significance. It draws national attention to the unassailable fact that the position of the United States in the world economy is weakening. America can no longer rest comfortably in the belief that it will continue to be the premiere economic power in the world” (Tyson, 1995, p. 96).

The political uses of national competitiveness can be seen as a “Machiavellian” art of politics: the notion of competitiveness seems to overcome political cleavages and thus provide a common rationality for those in power. At the same time, they draw from the tradition of state-led productivism and social engineering (Scott, 1998) which has survived both totalitarian and liberal governments, and seems to be alive and kicking in early 20<sup>th</sup> century political life. Helpers are needed in this process: mediators of ideas, in this case academics, management consultants and think tanks, to provide ideas and political rationalizations. As Krugman described the US policies in 1994: “A whole industry of councils of competitiveness, ‘geo-economists’ and managed trade theorists has sprung up in Washington and linked these people to the Clinton administration”. (Krugman, 1994.)

Porter in particular has developed the notion of national competitiveness into a "how-to" technique that can be used for achieving competitive success in real life. His ideas have been disseminated effectively by institutionalizing them with careful Harvard style packaging and selling them as case studies, indicators and performances. Porter has also developed himself as a fashion setter: a global guru who can offer solutions to the problems of national competitiveness and whose global experience packaged in the skillful Harvard style builds him authority in the more mundane realm national politics.

However, despite the fact that while we may indeed be able to describe the elements of national competitiveness, there is still a long way to go before we can actually improve it with a technical tool kit (Hendry, 2006, p. 276). Instead, managers, as helpers of politics, often end up with

technocratic fixes while leaning on the tradition of social engineering and scientific management in particular (Scott, 1998, p. 38-40, Ruef, 2002, p. 76). Management consulting is often built on the technocratic tradition of “the expert” (Humphreys and Nappelbaum, 1997) and incorporated in state-centred engineering (Scott 1998) and administrative expertise (Porter, 1995), aiming to rule by rationality over the political process (Oakeshott, 1991, p. 99-131). Thus management fashions are adopted as tools of state-led engineering and presented as “objective” and technological “fixes” to the often obscure and “messy” political life. As such, they also embody the problems that have been addressed in organizational theory discussion as issues of organizational democracy. As Clarke and Butcher (2006), for instance, have pointed out, there is ongoing tension between hierarchical and democratic ideals in management. This tension is perhaps most acute in cases where managements practices are disseminated to the field of politics, where democracy should reign.

The case of Porter suggests that when management consulting is applied in political life, it easily becomes a form of state-initiated and technocratic social engineering. The ideas of management are formulated into a rationality of power (Flyvbjerg, 1991). Rather than improving the economic performance of a nation, the ideas of national competitiveness have ended up in the hands of existing power structures; nationally-minded politicians, bureaucrats, administrators and ministries of the state, in the search for a justifying symbolic rationale or slogan for their actions. In this sense, the dissemination of management knowledge has taken the form of hierarchical and technocratic management, which can be seen in opposition to the ideas of democracy.

One should not, of course, be naïve and exaggerate the “dangers” of consultocracy. Technocratic bureaucracies and administrations have clearly important tasks in modern societies. Management consulting has obviously become handy in societies which have been looking for ways to reform their public sectors, and there is no overt reason why the consulting of competitiveness in particular could not result in good outcomes for a nation. However, in the light of the current case,

we argue that the issue of consultocracy as technocracy should be considered when management fashions are entering the realm of politics.

### **Dissemination of management into politics: agenda for further research**

We have suggested in this paper that Michael Porter's work on national competitiveness can be understood as a management fashion, diffused and circulated into politics. Porter has skilfully developed a theory of national competitiveness and through the case study method, transformed it into a sellable product: a managerial solution to political problems. Moreover, his work has been marketed as a globally appealing package that offers new solutions to nation states' problems in surviving in the global economy. Thus Porter has worked as a fashion-setter who typically develops rhetorics, which from the outset, construct a belief that a new doctrine is needed, and subsequently offers a fashionable solution to this need (Abrahamson, 1996, p. 254.)

We also view Porter as an exemplary of a wider phenomenon of consultocracy: management practices entering the realm of politics. By using his case, we have suggested that these processes should be examined from the point of democracy. The dissemination of management fashions is conditioned by consultants' and institutions' needs to sell ideas to customers, and the ideas are often packaged into sellable products. As such, they often take the form of expert knowledge that rationalizes politics. Management in particular can be seen as a form of state-led engineering (Scott 1998) that has a tendency to play down political differences that are inherent in democratic systems and replace them with rational non-political solutions. As management fashions are increasingly and effectively disseminated into politics, this could lead to the development of consultocracy whereby political issues are replaced by the skilful techniques of consulting, and presented as solutions that have no need for democratic processes and discussion. In particular, by using the case study of Finland, we have shown how management practices can develop into a

rationale of power in politics: the expert knowledge of consulting is adopted as a legitimizing device for political elites as they justify their position in society. The case at hand particularly suggests that global consultocracy might enhance the technocratic element of political life into a dislocated body of knowledge that is bought and sold as profitable packages. Thus we suggest that the management community should also be interested in the real consequences of consulting activities. What is actually happening in the process? Who exactly are benefitting, and how?

At the same time, we recognize that the adoption of national competitiveness may take different forms. The case of Finland, for instance, should be put into a wider context by comparative studies that would take into account a variety of political systems. Therefore we need more empirical research to substantiate the claims for and against the benefits of the usage of national competitiveness. As Ansari et al. note, extensive adaptive and interpretative efforts are often required from the adopters of management fashions and practices, in order to integrate these “into existing organizational technologies, cultural contexts and political arenas” (Ansari et al 2010, p. 85). The adoption of management practices is not invariant, but mutating, as the way in which the same fashion or practice is adopted in different organizations often varies (Ansari et al 2010, p. 67). Hence, in practice, the extent to which it is adopted and the way in which it is adopted varies. We thus suggest that further research is needed on how adopters actively participate in modifying the fashions being disseminated, as they attempt to make them fit both their own and their organizational needs. In line with Czarniawska and Sevón (2005), we feel that different agents translate management fashions to fit their distinctive needs in a particular context. As Abrahamson posits, certain fashions, as opposed to others, are selected for launching. This happens through a dynamic process in which the fashion-setters on the one hand sense a developing demand for new types of management fashions, and on the other hand, shape this demand by “articulating for fashion followers the particular techniques that fit the types followers prefer” (Abrahamson, 1996, p.266).



The field of management theory in particular, has gone to great lengths to meet the expectations of the business community (Alvesson, 1990; Barley and Kunda, 1992; Whitley, 1994). Kochan et al (2009, 1097) call for the reframing of management research, requesting that instead of concentrating on conducting research for managers and predominantly for their interests, we as management scholars ought to research organizations and their place in society. They go as far as suggesting that management research might need a new name that better reflects this need to combine public policy and management research (Kochan et al. 2009). The literature on management dissemination requires more research on how management fashions are diffused and circulated into politics and on defining their role in politics. Do real changes take place? What is the real impact of these consulting exercises? Is their function predominantly symbolic (Abrahamson, 1991; 1996), or are they used, for instance, to legitimize the power of political elites in non-authoritarian democracies and authoritarian states alike? With more research into this area, we would also be able to develop the management theories involved. Behind the act of hiring a consultant is often the hope for change or impact. We need not only more research utilizing the agency-perspective in the realm of management dissemination literature, but also management innovations in the realm of politics, which take the cornerstones of democracy and civil society as their starting point.

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