

MASTER THESIS IN ORGANIZATIONS AND LEADERSHIP

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# The legitimacy of American management knowledge

A study of the Norwegian consultancy field

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## Preface

The road to the University of Tromsø and my master's degree has been winding and extraordinary. I have spent most of my time in different places, on the other side of the world, but I finally made it all the way up north to finish it. However, I did not make it there on my own... there are a lot of people that I am grateful for having around me and who deserve a special thank you.

I wanted to start out thanking my academic advisor Arild Wæraas for taking the challenge and advising some one he hardly ever met. His criticism, responsiveness and enthusiasm have been invaluable. I also want to thank the department for political science for making it possible for me to complete my master's degree while living abroad.

The inspiration behind this thesis comes from my first course at UiTø, *STV-3024: Moderne organisasjoner ved tusenårsskifte* and Kjell Arne Røvik's book, *Moderne organisasjoner: Trender i organisasjonstenkningen ved tusenårsskifte*. Both the course and book, has given me a broad perspective on organizational behaviour that will enlighten my everyday life, academic work and professional career.

In addition, I want to thank my family, and especially my mother, Miriam Fukami, for encouragement and help along the way even if they really do not understand what I have been doing the last couple of years. And finally, I have to thank my partner, Simen Hovengen, for all his patience and assistance.

## Summary

The thesis addresses the question of why American knowledge and consulting practices are considered superior to the ones of local Norwegian actors. Americanization of the field of management consulting does not only include the domination of the American actors, but also the diffusion of American management knowledge through local actors. Why is it appropriate for Norwegian companies to structure themselves after American standards? The rational and new institutional perspectives expose appropriateness of American management knowledge. The rational perspective features how organizations strive for efficiency and employ management knowledge as tools to gain competitive advantages. The new institutional perspective exposes isomorphic behavior in organizational fields and how organizations use management knowledge as symbols of efficiency. Consultancies are one of the main carriers of such management knowledge. A presentation of the field of consultancy establishes a link between the demand for consultancy services and two perspectives. Furthermore, isomorphic behavior and legitimacy management reinforces the demand for consultancy services.

The study was based on primary and secondary data. The primary data was gathered by surveying large Norwegian corporations about their use of management knowledge and consulting services. The secondary data included industry statistics and the consulting companies' homepages. The analysis was carried out in three stages to examine different aspects of the research questions. The first stage analyzed the consulting industry statistics and services offered and confirmed the American dominance in the Norwegian market. The second stage examined the respondents own awareness and use of management knowledge and consultancies. The third and final stage featured several multiple regression analyses which indicated if rational or symbolic motives steered the adoption of new management knowledge and use of consultancies.

The empirical findings reveal that the dominance of American management knowledge and consultancies rests on reputable and symbolic values. Organizations may believe that they behave rationally, but my examination concludes that they face a complex predicament in their quest for legitimacy.

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# **Chapter 1: Introduction**

Organizational theories provide an insight into existing organizations and their internal and external dynamics. The internal dynamics can be studied by focusing on organizational design, structures and processes, as the external dynamics focus on the relationships between organizations and their surrounding environment. There are many different perspectives on how organizations become, survive or die, but they all seem to unite around the objective of organizational legitimacy. Organizations who maintain legitimacy survive in hard and soft environments. They are either selected by or manage to adapt to the demands of their environment. They do not have to be efficient to survive when they are considered as an effective part of society.

## ***1.1 Theme and motivation***

Contemporary organizations are faced with more and complex demands from their surroundings to maintain their legitimacy. Government policies are required to be fulfilled, investors await their returns, customers expect good service, high quality and low prices, and modern-day societies anticipate organizations to act as socially responsible citizens (Clark 1995; Røvik 1998). These pressures can be perceived as contradictory in the sense that many of them discourage organizations from following their prevailing and rational motive for existence; to be efficient (Brunsson 2002). Organizations incorporate new structures and practices to accommodate the demands of their environment and consist therefore of loosely coupled structures that are employed at some time and then dropped when a new structure is more appropriate (Røvik 1996; 1998).

In the rational perspective, organizations exist on the premise of being efficient. Efficiency ensures legitimacy and survival. They reorganize and restructure themselves according to measures that are considered as the most efficient way of achieving the current organizational goal at that specific point in time (Røvik 1998). The symbolic perspective has been formed by new institutional theory, where organizations are seen as effective by accommodating social constructed constraints. New structures are habitually and ceremonially incorporated, and are in some cases regarded as institutionalized myths. The new institutional theory anticipates that organizations implement new structures to reflect institutional myths rather than to solve instrumental tasks (Meyer and Rowan 1977).

The most known and traveled institutional myths tend to originate from the U.S. or have been Americanized. They can appear as solutions for efficiency issues, development of strategies, new technology or regulations and rules that an organization chooses or is obliged to include in every day routines. The Americanization of management knowledge occurs when an American scholar, consultant or similar body recognizes a competitive advantage abroad and turns a structure into a marketable concept and diffuses it to the rest of the world. An example of the latter, is how many of the Japanese business philosophies traveled the world in the eighties and early nineties. The Japanese did not spread the details of their success themselves; visitors and competitors learned, copied and diffused the knowledge of advantageous practices (Lilrank 1995). However, the implementation of management knowledge requires specific competence which has led to the emergence of management consultants. They behave as experts in detecting and solving organizational problems with their ability to implement management structures in different settings (Røvik 1998). The demand for consulting services can be revealed through new institutional theory.

The field of management consulting has diffused across geographical borders and assisted numerous varieties of industries, yet the structures of the consultancies and their clients are becoming increasingly similar. The actors in the field behave according to new institutional perspective, where the process of isomorphism in organizational fields is highlighted (DiMaggio and Powell 1983). Furthermore, isomorphism occurs even more distinctively in the field of management consulting because consultants are producers, transporters and consumers of management knowledge. The ongoing American dominance in the global field of consultancy raises the question of the appropriateness of global actors providing advice under local conditions. Why do Norwegian organizations choose American knowledge instead of local knowledge? Why do Norwegian organizations acquire advice from American consulting companies instead of local companies?

## ***1.2 Research objectives and questions***

This thesis aspires to explain the relationship between consumption of American management knowledge through consultancy practices in Norway and the motives behind the preferences. The following research questions are developed and investigated:

**Research question 1:**

*Why do Norwegian organizations select American knowledge instead of local knowledge?*

**Research question 2:**

*Why do Norwegian organizations select American consulting companies instead of local consulting companies?*

The research questions are developed on the assumptions that consumers of management knowledge have had some assistance with implementations and that the Norwegian field of consultancy is fairly Americanized. The a priori relationships between the Norwegian consumption of American management knowledge and consulting services are stated in the following propositions:

**Proposition 1:**

*Adoption of American management knowledge considered to be more legitimate for a domestic organization than local knowledge.*

**Proposition 2:**

*Adoption of American management knowledge is considered to be more legitimate for a domestic organization than local knowledge when it is acquired from a reputable American actor than from a domestic consultancy.*

The previous empirical research on management consultancy is not extensive, especially not in the particular case of the Norwegian market. Furthermore, management consultancy is considered to be an ambiguous area in organizational research. Consulting companies are not very willing to share much information about their market shares and business in general (Engwall et al. 2001). It is also hard to identify the boundaries of the consulting industry, its products, its competitors, and its clients; hence an analytical approach that captures all vital relationships is required. The former empirical work on management consulting has concentrated on confirming the American dominance, rather than why they dominate. The main goals of the European CEMP project was to identify the main actors in the management knowledge industry, where consultants, business schools and the media were considered to be the foremost contributors for diffusion of American management knowledge (Lindwall 1999). There have been indications concerning the technical reasons for the American domination

such as the size of the consulting firms in correlation with higher quantities of knowledge production, the Americanization or labeling of foreign knowledge and acquisitions of local firms to enter domestic markets, but not an in depth study of why organizations prefer American management knowledge and consulting (Kipping et al. 2003). This thesis identifies the foremost reasons for the American dominance.

### **1.3 Limitations and hypotheses**

The optimal research design would be a triangulation of methods to gather sufficient data and broad grounds for generalization. However, the scope of this thesis is limited by time and resources. I have therefore narrowed the research down to two main methods and three stages of analyses. The first analysis is a review of existing statistics, published documents and web pages. The second and third stage analyzes statistically material from a survey of the largest corporations in Norway. The quality of the primary and secondary data will be discussed thoroughly in the methodology chapter under validity and reliability; however I would like to comment on some general aspects that limit the dependability of the findings in this thesis. People who manage organizations usually believe that they are making the best decisions which often are motivated by rational reasoning. On the other hand, someone on the outside of the organization would regard the choice differently. The data from the survey may indicate rational behavior because that may have been the perceived logic of the respondent. Nevertheless, the reality may depict another truth, symbolic behavior. Few organizations will admit that idolization of others, which often leads to imitation of other organizations, is the reason for their decision. *“Everybody knows that one shouldn’t follow fashion fads and trends”*. They still do. According to Meyer and Rowan (1977) organizations incorporate popular structures ceremonially as a formality without questioning the effects. The rhetoric appellation of the structure focuses on rational motives, but the diffusion of the structure appears to be driven by more symbolic forces (DiMaggio and Powell 1991). *“Taken-for-grantedness”* seems to make people linger and hold on to safe and solid practices without questioning them. Relationships that have lasted over time become institutionalized for some organizations. They would rather claim that their relationships are built on prior satisfying results or that the switching costs are too high than admit that they continue their relationships because it has existed over time. This discussion points out that the rational and symbolic motives are interconnected and that they can both be present at the same time. It depends on if the organization is studied from within or from the outside looking in. The thesis attempts to

present causal models that explain the motives behind the American dominance, though I have to take into account that the models are based on the self perceptions of the sampled organizations.

#### **1.4 Structure of the thesis**

This thesis will try to establish an empirical link between the new institutional theory and the Americanization of the field of management consulting. The structure of the thesis is as follows. In this first chapter, I set forth the historical emergence of the field of consultancy in the U.S. and its expansion to Europe. The second chapter introduces theoretical perspectives of organizational environments, including the construction of an organizational field and the pressures that reign in this specific field. Furthermore, the literature and contemporary research on the diffusion of management knowledge through consultancies is reviewed. The third chapter presents the methodology of the thesis. I have employed several research tools to examine the propositions and create testable hypotheses and causal models. The method and analysis will be twofold. One part examines the dominance of American management knowledge in the Norwegian market and the other part examines the dominance of American consultancies. The methods for both research questions are quite equivalent with the exception of certain modifications. The analysis is based on secondary data from several sources and primary data which was collected by surveying users of management knowledge and consulting services. The fourth chapter presents the results of the analyses and discusses the results. In the fifth chapter I summarize and discuss the results, present consequences of my study and conclude.

#### **1.5 Emergence of the field management consultancy**

(Kipping 1999)

The field emerged as an advice industry that consisted of engineers, accountants and marketers at the end of the 19<sup>th</sup> century. The internationalization of the consultancy practices commenced with the publication of Frederick W. Taylor's publication *The Principles of Scientific Management*, which became known in the US in 1911 and eventually traveled around the world. The publication featured an approach to shop floor management for systematic observation and optimizing worker's activities. After Taylor, his followers and competitors continued creating new methods of scientific management and several

consultants opened offices in North America. The diffusion of ideas relied on publications, lectures and selling advice. A student of Taylor, Bertrand Thompson made the move over the Atlantic and opened an office in Paris in 1918. The scientific management methods met resistance in Europe at first, mainly from management, whereas engineers were more enthusiastic about the ideas. However, during the Great Depression, European companies sought after methods to increase labor productivity and reduce production costs, and spin-offs from US consulting companies served as the main providers. Also, the expansion of the American multinational companies in Europe opened a market for American consulting practices as the multinationals brought their business overseas with them. The majority of the consultants in Europe were Americans or Europeans that had learned about scientific management in the US or through the American diffusion of ideas.

The Americans lost their dominance in the European market in the 1930's due to the many spin-offs of the original companies. Former employees of American companies managed to start up their own consultancy offices. Moreover, when World War II broke out, all the American consultancies shut down their offices and returned to the US, and the spin-offs benefited greatly from the war and decreased competition. The industry tripled in revenues and numbers of consultants doubled. One of the major reasons for the market upturn was the scarcity of male workers who were drafted into the military services and the need to organize the much less skilled female workforce that replaced them. Incentives such as piece rates or payment-by-result emerged. After the war, there were few American actors in the European part of the consultancy field. There were local actors who seemed to supply the market sufficiently and they all offered productivity improvements for shop floor management. The US Marshall Plan preferred to employ managers and executives instead of consultants; thus it did not serve as a bridge for consultancies in the way the multinationals did during the period before the war.

During the 1930's, another form for consultancy service emerged. Instead of focusing on efficiency improvements on the shop floor, the focus was redirected toward organizational and strategic development. In face of surviving the Great Depression, GM and DuPont created new organizational forms, such as the multidivisional structure or M-form. Consultancies contributed to the diffusion of this new structure. Also, a legal matter catalyzed the services offered by consultancies in the US, when banks were prohibited to carry out business surveys. This was a large market opportunity for consultancies and the growth of the field continued.

Many of the new wave companies offered more extensive services such as accounting, contract research and industrial psychology. The new fashionable wave of management knowledge fuelled the American actors in the field to challenge the European market in the 1950's. However, this time, the actors held their knowledge closer to themselves. The dominant actors were at the time Arthur D. Little, Booz Allen & Hamilton, McKinsey & Company, and A.T. Kearny. The 1960's were the golden age for the Americanization of the consultancy field. The global market wanted the American "know-how" and expansion of American multinationals helped the consultancies gain terrain in Europe. On the other hand, some were invited by European multinationals to Europe, as when McKinsey and Company was prompted to open offices in London by Shell, an Anglo-Dutch company. They wanted a consulting company that was considered impartial to their Dutch and British owners. Others followed, and in short time, McKinsey & Company had contracts with several Dutch, British and French companies, such as KLM and Dunlop, P&O Shipping, Pechiney, and Lafarge. The American consultancies could not be totally dependent on the business with the multinationals and gradually started to establish relationships with the local elites. The success of the American market penetration was obvious when the domestic actors turned to mimetic behavior in their own organization behavior and in the services they offered. However, there are no clear indications of successful results of the management knowledge diffused by the American actors. There were and still are considerable challenges in transferring and adapting management knowledge.

The European consultancies made it harder for late American movers to enter the market, since they had managed to imitate the existing Americans by providing corporate-level consulting. So the late movers applied other entry strategies, such as acquisitions of domestic consulting companies or highly distinctive products. An example is the case of Boston Consulting Group who used its highly reputable product called the "growth share matrix" to penetrate the European market. The existing actors in the field focused on long lasting relationships with their clients. In the case of McKinsey & Company, who exercised a "up and out" strategy, they spent resources on maintaining relations with former employees who had moved on to executive positions in domestic companies. The American consultancies hired employees from a small and select number of business schools securing a high competence level, but also a network of possible clients among the ones who were recruited for executive positions in other important companies. The graduates all shared common spirit and consider each other as the elite.

The Americanization of the field of consultancy dominated during the 1960's and has not been challenged until the late 1980's. The challengers were international accountancy firms with American attachments or small, niche actors. The European consultancy market accounted for 37.6% of the global market in 2003 (Datamonitor 2004a). The American market is still the largest, but also the oldest. There might still be market growth possibilities in Europe, and especially in Asia-Pacific region and the rest of the world. Germany and the UK are considered as the most developed consultancy markets in Europe in volume and intensity (Datamonitor 2004b). In the CEMP report of 6/1999, Kipping and Armbrüster (1999) classify the Nordic countries (Denmark, Finland, Sweden and Norway) as medium intensity countries, which imply that their consumption of consultancy services is lower than the high intensity ones in comparison to the countries' GNP. The concentration ratio was found to be medium since the top 10 and 20 firms more evenly shared the markets revenue and the number of consultants employed. In 1988, the Norwegian market consisted of Nordic actors and one British, PA Consulting. During the next ten years, the market exploded making Andersen Consulting (now Accenture) the market leader with revenues greater than the market size in 1988 (Gammelsæter 1999).

## Chapter 2: Theory

Some organizational structures are perceived as the most suitable and appropriate solutions for organizational deficiencies. Consequently they become characterized as institutionalized standards. Røvik (1998) defines institutionalized standards as “*a legitimized recipe on how to structure parts or elements of an organization*”. They inspire organizations all over the world to organizational change and reformation during the same period of time (Meyer and Rowan 1977). The institutional standards become idealized symbols of efficiency and progress and the correct way of developing organizations (Strang and Meyer 1993). Examples of institutional standards are: core competencies, team management, quality certification, etc. This chapter presents relevant theory that illustrates the constraints organizations face to maintain legitimacy and survival. The first part presents the why and how institutional structures are diffused and adopted, and the second part gives an extensive description of the field of consultancy and the role consultants play in Americanization of organizational practices.

### ***2.1 Rational and new institutional behaviour***

Organizational behaviour has become more complex over time as well as the theories that try to understand and explain it. The field of organizational theory started out with Weber’s classical theory of bureaucracy. Weber (1978) recognized organizations as being the most efficient way to manage firms, at the same time accepting that organizations operate in a political system where obtaining legitimacy is crucial for survival. Early transaction cost theory promoted hierarchical firms implying that organizations were the most efficient way of engaging in transactions or else firms would not exist. Economists believed that large corporations were efficient and would die without competition and innovation. Taylor came with the managerial view, scientific management, where managers motivated employees and simplified their tasks by reducing number of motions they had to perform. This was the introduction of “human relations” and was influenced by thoughts of efficiency (Fligstein 2001). The main convergence around organizational theories came in the 1960’s when Simon and March (1958) introduced their more reasonable model of rationality, rational adaptation. Previous theories and neoclassical economics were driven by a model that assumed that the actors had perfect information, but this new model was based on bounded rationality. Simon

and March's insight featured how designing strategic goals and standard operating procedures could motivate different actors in the organization (management, workers, etc) to perform desirably and gather needed information (Simon 1961; 1964). These mechanisms could be monitored and altered when needed. Rational adaptation meant that organizations were not as efficient as previous theories claimed. In addition it introduced the human psychological aspect and recognized the need for continuous redesign of practices. Strategic contingency theory was consistent with rational adaptation, but examined which organizational structures survived in different environments. The theories indicated that the technology of the organization and the nature of the competition played vital roles in how organizations structure themselves (Fligstein 2001). Later on, resource dependency theory evolved from these assumptions and presented the idea that an organization's dependence on its environment formed its goals and structures (Pfeffer and Salanick 1982). Scholars and managers concurred about rational adaptation with its contributions. It seemed to explain organizational behaviour and helped managers and entrepreneurs monitor and redesign when the organization or environment demanded it (Fligstein 2001). Rational adaptation fronts an instrumental view of organizations and organizational change, even though it subsumes the psychological element of the actors within. The reactions to the rationalist views emerged in the 1970's and 1980's. The main focus was to understand more about organizational environments. One strand of theories pursued a selection perspective. The theories downplayed the occurrence of rational adaptation and set forth a more determinative environment. Organizational survival was resolved by competition and scarce resources (Fligstein 2001). Another set of theories developed and formed a new institutional theory which considered environments as social structures. It favoured adaptation by emphasizing that managers and entrepreneurs could change their environment since environments were regarded as socially constructed normative worlds (DiMaggio and Powell 1981; Meyer and Rowan 1977; Scott and Meyer 1994; Zucker 1977; 1987; 1988). The concept of organizational fields was introduced and formed by the emergence of formal and informal rules that were created by interactions between firms and their environments. The socially constructed constraints in an institutionalized field have powerful normative effects, and organizational change occurs on the premise of organizational legitimacy rather than on the basis of rational adaptation or efficiency. These normative pressures cause isomorphism in organizational fields (DiMaggio and Powell 1983). The new institutional perspective emphasizes that it is the *perception* of legitimate organizational behaviour that is regarded by the environment (Røvik 1998). The behaviour or façade can be considered legitimate,

although the core operations are not (Meyer and Rowan 1977). Weber (1978) also emphasized legitimacy as rational-legal in the sense that the environment defines what is valued as a legitimate goal or mode of production. Consequently, the rationalistic perspective supposes that organizations survive by being efficient and legitimate, and organizational change concerns the entire organization. On the other hand, the new institutional perspective makes room for sets of decoupled external and internal structures that are used to manage legitimacy and efficiency issues.

## **2.2 Legitimacy**

“Organizations compete not just for customers and resources, but for political power and institutional legitimacy, for social as well as economic fitness.” (DiMaggio and Powell 1983:150). Legitimacy arises when all activities are desirable, acceptable and considered appropriate within a socially constructed system of norms, values, faith and definitions (Suchman 1995). The actors in an organizational field assume and expect certain organizational behaviour and subsequently sanction the behaviour according to how it is perceived. Stakeholders anticipate that organizations incorporate new structures that are fashionable for the display of their proactive and futuristic activities (Røvik 1998). The consequences of overlooking the importance of legitimacy can be fatal to survival prospects, and therefore incorporation of new management structures is vital even though it is both time and resource consuming (Meyer and Rowan 1977). Legitimacy undermines rationality, although the foremost reason for incorporating a new structure was originally fuelled by the efficiency paradigm (Zucker 1987; Brunsson 2002). This notion clarifies why ceremonial incorporation and mass adoption of new management structures are institutionalized myths and not measures of efficiency (Rowan and Meyer 1977; DiMaggio and Powell 1983). Moreover, it indicates that the individuals in organizations accept a common social reality; no one challenges that which is taken for granted (Scott 1987).

Organizations try to obtain legitimacy strategically or by becoming institutionalized (Suchman 1995). In the strategic view, organizations acquire legitimacy through operational measures, where managers try to control the legitimation process. In context it would refer to the way managers seek specific structures to satisfy their stakeholders (Røvik 1996). The adoption of new structures can be driven by either rational or symbolic motives. The institutional view emphasizes how legitimacy is perceived through a set of constitutive

beliefs, the cultural definitions determine what is considered legitimate (Suchman 1995). The construction of the field and all its actors become products of legitimation processes and together define what is considered legitimate in that space and time. The process becomes circular as organizations perceive, are a part of and follow the changes in the field (Sevón 1996).

### ***2.3 Isomorphism in the field***

An organizational field is constructed through the connectedness between the actors within the field (DiMaggio and Powell 1983). These connections coerce organizations to become similar to one another. DiMaggio and Powell (1983) refer to this outcome as institutional isomorphism; the organizations engage in the state of being similar in shape or structure. Isomorphism is common in fields where organizations are faced with the same set of environmental conditions where the identities and hierarchal structures are known (Fligstein 1996). Meyer and Rowan (1977) argue that organizations adopt the institutionalised products, services, techniques, policies and programs ceremonially and therefore become isomorphic. Innovators of new efficiency processes and management structures are imitated by the rest of the actors in the field. Imitation is understood as copying, but the diffusion of an intangible innovation like a management structure, will not necessarily resemble the original (Sevón 1996). Nevertheless, the individual organization's conception can be that they are practicing the same structure. The motives behind the imitation are rational, in the sense that incorporation of institutional structures will make them more efficient (Zucker 1987; Røvik 1998; Brunsson 2002). However, as Powell and DiMaggio (1983: 148) clarify "as an innovation spreads, a threshold is reached beyond which adoption provides legitimacy rather than improves performance". They describe three mechanisms that drive isomorphic change: coercive, mimetic and normative isomorphism. Management consultancies participate in enabling all these forms of isomorphism.

Coercive isomorphism transpires when fields are subjected to new political decisions, laws and regulations. Some companies are conglomerates and offer a whole array of services, from accounting, juridical and management consulting, areas where coercive forces apply.

Mimetic isomorphism derives from organizations' search for solutions in the face of uncertainty and self diagnosed problems. Mimetic behaviour among organizations in a field is

the *raison d'être* for management consultancies. The institutional standard must be incorporated to secure one's survival and consultancies are there to transfer the needed knowledge. Authoritative actors who dominate the field determine the environment and promote mimetic organizational behaviour. Organizations go through identification mechanisms and try to copy other organizations to which they compare themselves and which they admire (Røvik 1998).

Normative isomorphism occurs through professionalization of practices. Professionalization is certainly the case for consulting companies, and it is often the circumstance for the rest of the actors in the field. The consulting companies recruit from a small selected group of management schools, and these tend to become the norm of the field (Henry 2002). Clients as well identify these scholars, MBA's, as important assets. The MBA's from the selected schools are recruited to the top consultancies and top management which leads to natural interactions between the professionals on both sides of the intervention (providers and clients). Management who is familiar with the importance of management knowledge will push this practice forward in their organizations, recommending the top consultancies because of relational knowledge (Kipping 1999; Kipping and Engwall 2002).

The process of knowledge transfer is challenging because the transfer can be met by internal resistance when it conflicts with embedded routines and therefore needs to be translated and coordinated (Lilrank 1995; Sahlin-Andersson 1996; Røvik 2000). Latour (1986) suggest that the translation will change and modify the structures over time and space. Moreover, the translated structure can end up being unrecognizable compared to the original structure. Consequently, structures will look different and so will organizations from time to time without even noticing that the modifications make them different. The modified structure might become the institutional standard, thus the process of translation contributes to the production of new knowledge as well as its fashion cycle (Sahlin-Andersson 1996; Røvik 1998).

## ***2.4 The demand and supply of new management structures***

John W. Meyer and Brian Rowan (1977:340) argue that "formal organizational structures arise in highly institutionalized contexts" which organizations incorporate ceremonially in their competition for resources, legitimacy, success and survival. These formal organizational

structures are ideas that solve some sort of conceived problem regarding everything from production to accounting processes (Røvik 1998). The ideas behind a structure are often simple and can involve a specific organizational process or engage an overwhelming philosophy that concerns the whole organization. The content of a structure does not need to be of high technological or comprehensive content, but just symbolize a significant development in comparison to the present entrusted structure (Abrahamson 1996). Some structures become institutional standards, and appear as the most applicable and modern solutions for organizational survival (Strang and Meyer 1993). These standards are supported globally and contribute to increased reformation activity everywhere during the same time frame (Meyer and Rowan 1977; Røvik 1998). Abrahamson (1996) describes management fashion as the endless battle between the concept creators, and their pursuit for followers. The promise of efficiency is taken for granted and the concepts are fashionable until something more appropriate comes along and proves to be more efficient.

When organizations face uncertainty, they look around in the field and search for others that seem more stable and imitate thereafter (Sahlin-Andersson 1996). The power struggles in a field contribute to an identity forming process (Bourdieu 1990). Selznick (1957) emphasizes that organizations manage their own identity after being institutionalized. The conception of an organizational identity derives from interaction with other actors which continuously form their organizational behaviour and their culture (Hofstede 1984; Sevón 1996). In some fields a natural hierarchy develops and the weaker identities will try to become more like the stronger ones, similar to an idolization mechanism. The organization inadvertently seeks reasons for their positioning in the field and imitates whoever seems more powerful. Trickle-down theories are often used to explain why the lower class (organizations) try to copy the styles of the higher class. Furthermore, the higher class is pressured to change styles to re-establish the previous distinction (Kieser 1996).

Organizations also compare themselves to actors outside of the field. They evaluate other organizations that manage similar or desired identities. This self-evaluation and comparison with others seem reasonable for organizations all over the world despite their size and revenue, with the belief in existence of the formal organization. It makes it possible to compare oneself with others on the premises that they have blueprints that are built up by abstract components such as top management, formal structures, organizational culture, similar organizational processes, etc (Meyer and Rowan 1977; Strang and Meyer 1993;

Røvik 1998; 2000). Furthermore, the field itself can increase restructuring activities when similar problems appear among its actors. Subsequently, a formal structure emerges that appears to be the answer to all the problems in the field. The explanation is quite simple. The management structures are usually based on basic ideas that incorporate fundamental managerial principles and logically will be a weapon to maintain legitimacy (Abrahamson 1996). The reasons behind the demand for incorporation of new management structures can be summarized as follows; a down turn in performance, the new structures describe solutions for general organizational problems that organizations have identified, and mimetic behaviour (Røvik 1998).

Abrahamson (1996) explains that when the demand of management structures is high, new structures will appear everywhere. As mentioned earlier, the main producers of management structures are concept entrepreneurs or management gurus, business schools, consultants and other advisors who behave as an authority due to their academic and practical experience (Engwall et al. 2001). They perform as fashion creators and publish catchy concepts that were cultivated at big, private, reputable organizations; hence new management discourse is created. The concept is thereafter theorised and marketed as a universal solution that will be of assistance to every kind of organization irrespective of size, line of commerce, industry, geographical location, etc (Røvik 1998). The causal concept is simple: adoption of a legitimized structure under similar circumstances will also give similar results (Strang and Meyer 1993).

## ***2.5 Consulting as an organizational field***

The domain and definition of management consulting remain widely debated and I find it necessary to exploit an analytical framework to identify its boundaries for further study. In following in the steps of Kipping and Armbrüster (1999), who suggest treating management consultancy as an organizational field, the framework should emphasize whole consultancy intervention which includes the whole production, transfer and consumption of management knowledge. The purpose of intervention is to enter a set of relationships, as between persons and groups inside or outside an organization with the intent to help (Argyris 1973). However, consulting as an intervention is not necessarily acquired by the buyers with the intent for assistance. The intent behind the acquisition can vary from real efficiency issues for several

reasons, for strategy development, or for self reassurance or the need for an impartial actor overweigh a problematic decision making process. The result of a consulting intervention is not always clear, neither is the implementation of the acquired advice. Organizations often have to discard the advice or proposed knowledge, due to inconsistency with their culture and beliefs, financial reasons or just because they never intended to use it in the first place. Obtaining consulting services can be considered a more symbolic action than a rational one for many organizations (Røvik 1998).

Treating consultancy as an industry is tempting, but it does not account for all the relevant actors. Consultancy resembles a service industry from the point of view that the consultancies are producers and service providers of knowledge and knowledge transfer. The practices can be of non-commercial and governmental ownership which makes their product and client base quite different from those of highly commercial and competitive nature. Firm size and type of product are also matters that pose challenges to a facile industry analysis. The size of the consultancy would play a role in types of products produced and offered, cliental relations and total revenue, thus also the types of consultants recruited (Kipping 1999). The larger consulting firms are able to produce more and refined management knowledge due to their well-built client base. Management knowledge is developed through experience and ongoing consulting interventions (Werr 2002). The matter of product complicates the industry even more, since there are no apparent product comparisons in the sense that the consultancies believe that they offer the best solution to the client's current problem. Another aspect of the product is the consultancy's expertise in detecting the ongoing organizational predicament (Røvik 2000). Many claim that the industry feeds on the illusion of the creation or maintenance of efficiency and legitimacy, and consequently organizations must implement the most fashionable management system or tool. The providers believe in different solutions and the products appear to be quite diverse; thus the boundaries of the industry become difficult to recognize. They claim to occupy different niches and strive to be recognized as different. Thus, the framework of an organizational field is pertinent for analysis of consultancy practices.

According to Bourdieu (1977) a field would incorporate all actors who have activities that are defined in a similar way, and compete for something common. The consulting companies may offer different products, in terms of management knowledge; nevertheless they still try to saturate the same market. Furthermore, the organizations in a field do not have to interact

directly with each other. The product consumers can acquire management knowledge through different channels and do not intervene with consultancies. The diffusion of this knowledge is also promoted by business schools and the media (Abrahamson 1996; Røvik 1998: 2000; Engwall et al. 2001). DiMaggio and Powell (1983: 148) define an organizational field as: “organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services and products”. They emphasize that an organizational field includes “the totality of relevant actors” (DiMaggio and Powell 1983:148). There are no preset boundaries in a field (DiMaggio 1985). It is an empirical question that must be defined by the scope of analysis for each specific case (Sahlin-Andersson 1996). In this case it is imperative to include the production and diffusion of management knowledge. The diffusion is driven by fashion trends and institutional forces (Strang and Meyer 1993; Abrahamson 1996). Consulting companies are found to be one of the main carriers of such knowledge, and they promote mimetic behaviour in the field (Kipping et al. 2003). The Americanization of the field derives from total diffusion of the knowledge and not only the presence of American actors. Domestic consulting companies offer American products. They acquire American knowledge and their consultants are often trained at American modelled business schools (Engwall et al. 2001; Werr 2002). Furthermore consumers may incorporate institutional standards without assistance from consultancies.

## **2.6 Consultancy practices**

The consultancy intervention relies heavily on trust. It is hard to assess how successful the outcome of the intervention will be, and therefore the quality is highly determined by the mind of the buyers (Clark 1995). The product is knowledge and advice or software which requires knowledge to be employed. The knowledge itself is intangible in many ways. The management knowledge is bought with the concept of fixing a problem of some sort and to get ahead of or keep up with competitors. The problem definition itself has many aspects as mentioned earlier, but generally it is in the face of uncertainty that organizations turn to consultancies. Therefore the acquired product could be an organizational diagnosis by consultants (Røvik 1998). Furthermore, the *organization doctor* will probably recognize a problem and offer a solution. Most likely, consultants identify general organizational problems that all organizations face, and the knowledge they offer is universal (Røvik 2000). In other instances the clients know what they want ahead of time and engage in acquiring

consultancy services thereafter. The managers might have been introduced to a fashionable management concept and have decided that it is what their organization needs and want to adopt it. The acquisition of consulting services will either give them the wanted assistance and knowledge they need or it will legitimize their rationalization for choosing that specific concept. In addition, the acquisition itself can be for reputable relations, and not for problem solving at all. Moreover, the reasons for clients to employ consultancies vary, but their choice of consultancy is determined by the conviction of a form of increased legitimacy. Organizations assume that their competitors also buy consulting. Hence, if the intervention turned out to be wasteful, or at least not as fruitful as expected, it is not necessarily considered a loss (Werr 2002).

Brand name and reputation has become the substitute for accreditation within the consultancy industry. There are no prerequisite qualifications for becoming a consultant; hence it makes it even harder for buyers to evaluate the consultancy's competence (Czerniawska 2002). Consultancies have strived to construct a social authority in their field by defining its limits and membership criteria. Their employees are recruited from major business schools and the consultancy culture is reserved for an elite. The clients are therefore left with the impression that they are purchasing knowledge from an elite of competence, which is the social construction consultancies hide behind when the quality of their services is questioned (Henry 2002). However, the overall structural barriers in the market are low; consequently the consultancies use their reputation and brand name as an entry barrier. The big 5 accounting firms cross-entered the market and used their powerful brand names to steal market shares (Clark 1995). Also, established consultancies seem to control superior knowledge production and market, partially from first-mover advantages, but as well by being able to have high advertising budgets. Some believe that the larger consultancies profit substantially from marketing communications and impression management (Kipping et al. 2003). Another way of raising entry barriers is by product differentiation. Products of technical character are easier to differentiate if they are in fact different. But when considering management knowledge as an all-purpose strategy or way of structuring, managing and leading an organization, the core ideas tend to be quite similar (Clark 1995). Subsequently, the task of differentiating ones product includes reference portrayal and the use of rhetoric. The connection between the concept guru and the narrative about how the management philosophy was discovered is neatly edited into a sellable concept which emphasizes its superiority to other concepts and

enhances its glamorous results (Abrahamson 1996; Sahlin-Andersson 1996; Røvik 1998; Nørreklit 2000).

The reputation of the consulting firm is vital, but even more so, the reputation of the specific consultant. A reputable consultant is often the founder of a new consultancy, a spin-off, and these take cliental relation with them (Clark 1995). The relationship between a consulting firm and their clients is based on the face-to-face interaction with the people involved in the project (Werr 2002). The clients prefer to have long-lasting customer relationships with the same consulting firm, because over time the consultants will know their culture, and the knowledge transfer will be smoother. The loss of tacit knowledge transfer may be reduced when the parties of the intervention know each other well. However, tacit knowledge and cultural embeddedness are the major obstacles in knowledge transfer (Polyani 1967; Szulanski 1996). Consultants also value and nourish their cliental relationship. Besides being trusted in their current relationship, the consultants anticipate that the stable relationship will introduce them to new clients through recommendations (Kipping and Engwall 2002). The consultancies do depend on these mechanisms to a large extent, due to the fact that they are vulnerable in demonstrating the actual outcome of their services (Werr 2002).

The global firms are more hierarchal and tend to have access to more knowledge. The project is usually managed by senior consultants who employ junior consultants and the cliental relationship is owned by a partner. Small firms work more as a levelled team and do not have similar resources. Since the production of management knowledge derives from ongoing client projects, the larger firms tend to develop and own more knowledge. The smaller firms often acquire knowledge from the large American firms (Werr 2002). Domestic companies are often spin-offs from international consultancies and continue to use the American knowledge principles gained from former experiences. Consultants in the smaller, domestic consultancies do have MBA's or business school education and have been "enlightened" with the American literature. Thus, the dominant tools and techniques tend to be American or Americanized (Engwall et al. 2001). The main challenge for small, domestic, large or international organizations is how to transfer general knowledge to a specific context. The transfer, also referred to as a translation process, is unique in every case. The competence of translating the knowledge will increase with experience. Though, organizations who implement the same knowledge might end up with different results (Røvik 1998; 2000). However, there is a hole in the literature covering this process. The consultancies are secretive

about their methods and the process becomes a black box. Consultancies name their products for marketing purposes, but the implementation phases are not mentioned, though successful results are. Moreover, the debate of applicability of global knowledge to local conditions arises. How can management knowledge generated in the US be applicable for a small fishing enterprise in Norway? The American consultancies expanded to Europe because their knowledge was considered a necessity at the time. And now it is not? The CEMP project exposed the need to produce and legitimize European management knowledge. Even the domestic knowledge gets repackaged by the Americans before it becomes acknowledged. Why do the American consultancies and knowledge still dominate the Norwegian consultancy market? Are they able to translate their knowledge to local conditions? Or are their brand names, products and reputation more legitimate?

Kipping et al. (2003) propose a general map that indicates how the roles of the different suppliers and buyers are in the different consultancy markets in Europe.

		Geographical location	
		Central	Peripheral
Client size class	Large corporations	Large international consultancies	Mix of large international and national consultancies
	Small and medium sized businesses	Spin-offs of large international / national consultancies	Local / regional consultancies

**Figure 2.1** Geographical location and client size class matrix (Kipping et al. 2003)

The matrix depicts which types companies the consulting companies interact with. In short, the largest companies in a market that are centrally geographical located (in cities) tend to buy consulting interventions from large international consultancies. The centrally located SME (small and medium enterprises), turn to the spin-offs for lower prices, but acquire similar services. The organizations that are located in peripheral areas are considered to have culturally different needs and demand services from local consulting firms. Though larger corporations might have facilities in peripheral areas, the human resources are locals and the consulting interventions are facilitated through local or at least national consultancies.

## **2.7 American dominance of the consultancy field**

Previous research has focused on the Americanization of the consultancy field in terms of its presence in country regions among the top service providers, or in terms of revenue (Kipping and Armbrüster 1999). These are all reasonable indicators for determining the American dominance; however they do not discuss as much why they dominate or what they do to dominate, nor test it empirically. Hence, I propose an approach that can clarify why Norwegian organizations choose to acquire American management knowledge.

When American management knowledge is considered an institutional standard, organizations in the field gain legitimacy by incorporating them. Thus, when the demand is high both American and domestic consulting companies try to offer the American management knowledge. This leads to:

### **Proposition 1:**

*Adoption of American management knowledge considered to be more legitimate for a domestic organization than local knowledge.*

The dominance of American management knowledge includes organizations that implement American institutional standards from domestic actors as well, so the depiction of the consumption will be more complete. However, in a field where reputation is everything and results are ambiguous and downplayed, we must question if there is a distinction between the American and domestic actors. The American actors are market leaders and producers of the most fashionable management knowledge; thus when an organizations budget is unlimited it would prefer acquiring the knowledge from the source. This leads to:

### **Proposition 2:**

*Adoption of American management knowledge is considered to be more legitimate for a domestic organization than local knowledge when it is acquired from a reputable American actor than from a domestic consultancy.*

## **Chapter 3: Methodology**

This chapter will portray the details about the methodology I have employed to reveal the consumption of management knowledge and consultancies and the current structure of the Norwegian consultancy field. My main concern in this thesis, as stated in the title, is to investigate the legitimacy of American management knowledge especially through consultancies, who are considered to be one of the main carriers of such knowledge. My research design seeks to explain the legitimacy of American management knowledge by uncovering the motives behind the choice of management knowledge and consultancies. I have broken down the propositions into three sets of operational hypotheses which will be analyzed in three stages. The explanatory design may give grounds for generalization of causal models, although due to limited resources, the explanatory variables are presumed to be restricted to the traits of respondents in the sample.

### **3.1 Secondary data**

The statistics covering management consulting presented by Konsulentguiden were retrieved on their webpage [www.konsulentguiden.no](http://www.konsulentguiden.no) (Konsulentguiden 2006). They cover annual revenue, annual results, the number of employees and the number of consultants. Konsulentguiden categorises consulting into seven branches; management, recruitment, information technology (IT), selection (staffing), analysis and communication/PR. The definitions that are employed are accredited by the European Federation of Management Consultancy Associations (FEACO) and by the industry itself. FEACO includes IT consulting services, corporate strategy services, operations management consulting services, outsourcing services and human resources (HR)-consulting in their definition of management consulting. The actors that are represented in Konsulentguiden's statistics do vary, but 17 of the largest 20 consulting companies in the Norwegian market in 2004 offer organizational development and/or corporate strategy services. IT consulting is also one of the services that most of them offer, as a result of IT being such an integrated necessity these days. One of the largest 20, Dovre International (ranked 7<sup>th</sup>), is a Norwegian consulting company that specializes in the oil industry and gains high revenue both nationally and internationally, but should be excluded as a general management consultancy. The two other companies, Steria (ranked 3<sup>rd</sup>) and Gartner Norge (ranked 14<sup>th</sup>), do not offer organizational development and corporate strategy, but only IT consulting services. The validity of the statistics is questionable due to the ambiguousness

of the boundaries of the industry, taking into account that consultancy is a closed industry because the consulting companies do not want to share much information about their practices. The editor of *Konsulentguiden*, Anne Cathrine Roeste, also confirmed the latter and added that the composition of the revenues were unclear (Roeste 2005). The large companies are present in other fields like accounting or IT, or both. Some are present in every category of consulting and not just management consulting. Statistical comparisons from year to year also pose difficulties when some years companies are included and in others years they are not. In addition, I noticed that some of the large actors are completely absent, e.g., PriceWaterhouseCoopers and KPMG. Although, the validity of the statistics is somewhat ambiguous, *Konsulentguiden* present the only data on consulting companies in Norway and they strive to be a well used reference which increases the overall validity.

The examination of the web pages clarified two convictions. Firstly, I identified which types of management ideas that are offered and secondly I confirmed that many of the ideas are quite similar and American or cultivated American ideas. The logic behind this investigation was to demonstrate that both American and local actors supply similar products and services, thus indicating mimetic behaviour among suppliers and buyers. The institutional perspective describes diffusion as a market where the suppliers are carriers of institutional standards because the buyers are in high demand of them (Meyer and Rowan 1977). The American companies are idolized and look alike; also spin-offs tend to continue with the methods they used in the original company. Thus, new consultancies structure themselves as the original ones and supply the same products and services (Kipping et al. 2003). Homepages can be a little problematic as reliable data. Consultancies use their homepages as a marketing channel and their presentation of themselves and their products seemed to be exaggerated (Wæraas 2004). Consequently, I made cautious use of the information.

### **3.2 The survey**

My primary data was collected by surveying major corporations in Norway. The idea was to survey the clients of the consultancies to figure out how they determined their choice of management knowledge and consulting company<sup>1</sup>.

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<sup>1</sup> The survey is presented in appendix 1.

The desired sample would be a representative sample of the population; organizations which have implemented are implementing and are considering implementation of management knowledge through consultancies. The desired sampling would have taken several rounds of data collection to include large central corporations to more peripheral SMEs, but was rejected due to the study's time and resource scarcity. Therefore, the sample was picked out from a ranking of the largest 100 major corporations published by Økonomisk Litteratur Norge AS. The ranking used was based on the total revenues of consolidated accounts for 2004. The logic behind using that specific ranking was the assumption that the 100 largest corporations in Norway were more likely to have acquired consulting services than the smaller companies. The sample also corresponds with the references on the homepages of the consultancies and would ensure some validity among the respondents answers. Close examination of the list showed that some companies were listed several times, due to organizational or industrial partition of parts of the corporation (i.e holding companies). The end and final sample consisted of 94 corporations that varied from regional to international operations. The majority of the sample consisted of private corporations and there was prevalence of manufacturing and engineering, oil and banking companies<sup>2</sup>. The survey was sent electronically to one representative in the top management, but in some cases it was sent to a common email address for the whole organization when top management email addresses were absent.

The response rate was quite low and started out on 21.3 % for the part on management knowledge and on 19.1 % for the part on consultancies. Response rates on master theses are usually quite low. I did perform two follow up requests to increase the response rate to respectively 25.5 % and 23.4%. The first part of the survey had a response rate on 47.9 %, but as presented above, the rate dropped dramatically in the second and third part of the survey. Some respondents made contact by email and explained that the content of the survey was too private and therefore against their policy. Others responded that they did not have time to participate. A small N can create problems obtaining significant results (Knoke et al. 2002).

The questionnaire contained questions about what considerations organizations found important in their choice of management knowledge and consultancies. The majority of the questions were loaded with rational or symbolic characteristics. The other questions asked if

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<sup>2</sup> The sample and background information is presented in appendix 2.

industry and market specific matters were taken into consideration and if they based their decisions on internal analysis or external advice. Two sections of the survey were constructed to measure the awareness and use of management knowledge and consultancies. The respondents were presented with several lists of popular management concept and the largest management consultancies in the Norwegian market, and were asked to checked off the ones that were familiar and they ones they had used, were using or considering. I also had open answer fields at the end of each set of questions so they could fill in unlisted answers.

### **3.3 Operational hypotheses**

I have suggested that American knowledge is considered to be more legitimizing than local knowledge for Norwegian organizations (P1), especially if acquired through American consultancies (P2). The propositions are built on assumptions of American dominance in the field of management knowledge and consultancy. My first set of operational hypotheses set out to analyze the American domination which will be based on a structural market analysis of the Norwegian market.

**H1.1:** *American management knowledge is carried by American and domestic consultancies in the Norwegian market.*

**H2.1:** *American consultancies dominate the Norwegian market.*

The second set of hypotheses is formulated to test the samples recognition and use of management knowledge and consultancies.

**H1.2:** *American management knowledge is known and used by Norwegian organizations.*

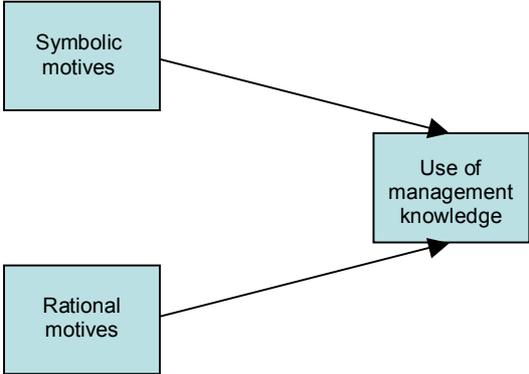
**H2.2:** *American consultancies are most known and used by Norwegian organizations.*

The four variables that will be analyzed are indexes which are constructed of questions that observe the recognition and use of the most prevailing management concepts and consultancies. Details on the index constructions are presented later on.

The third set of hypotheses investigates which motives lay behind choice of management knowledge and consultancies. The motives may be triggered by the environment or the organizations itself. The concept of being legitimizing in P1 and P2 can be understood as a dimension that captures the motives of both efficient and the effective organizations. The efficiency and effectiveness dilemma can be viewed from different angles. Organizations aspire to be efficient, especially private corporations, and even schools, hospitals and other governmental offices. However, they linger on and survive due to normative pressures; our social conformity may ensure their survival. They are effective organizations, rather than efficient. According to Brunsson (2002) private corporations also face normative pressures which in one sense make them less efficient. They have to manage their legitimacy to maintain the conformity with their surroundings. Legitimacy confines both efficient and effective motives. Organizations can obtain legitimacy strategically in adaptive environments or over time in selective environments (Suchman 1995). Consequently, the epistemic relationships between efficient or effective motives are represented through rational and symbolic motives.

**H1.3.1a:** Rational motives affect the use of management knowledge.

**H1.3.1b:** Symbolic motives affect the use of management knowledge.

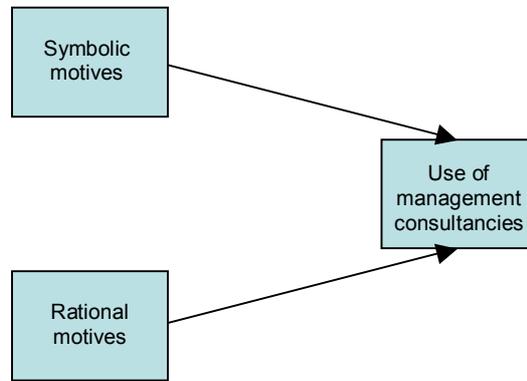


**Figure 3.1** Model 1 for use of management knowledge.

My prediction for preferences of management knowledge would be that the symbolic motives explain more of the use of management knowledge than the rational motives. Mimetic behaviour overplays rational motives, even though the rhetoric of the structure plays on rationality.

**H2.3.1a:** Rational motives affect the use of management consultancies.

**H2.3.1b:** Symbolic motives affect the use of management consultancies.



**Figure 3.2** Model 1 for use of management consultancies.

My prediction for preferences of management knowledge would be that the rational motives explain more of the use of management consulting than the symbolic motives. Røvik (1998) states that management consultants are perceived as the most legitimate suppliers of management knowledge from a rational perspective.

### **3.4 The dependent variables**

The manifest dependent variable for H1.3.1a and H1.3.1b were developed on the logic of observing the frequency of implementation of management knowledge. The challenge, as mentioned before, is the distance between the theoretical definition of management knowledge and the operational one. Organizations do not think of their structures or processes as management knowledge, nor of the knowledge of being American. I therefore prepared a list of ten popular management concepts and asked if they had used, are using or are considering the concept. The respondents, one representing each organization, answered yes or no accordingly. The concepts were selected based on CEMP report number 1: *The creation of Management Practice: A literature review* (Lindwall 1999)<sup>3</sup> and the services offered on the consultancies' homepages<sup>4</sup>. The surveyed concepts are listed in the index construction below.

<sup>3</sup> The surveyed management concepts' abbreviations are explained in appendix 3.

<sup>4</sup> The list of analyzed homepages is presented in appendix 4.

I chose to test both new and old concepts to track their consumption history and what they plan to implement in the future.

I will test H2.3.1a and H2.3.1b against three dependent variables. The first one accounts for all the largest management consultancies, the second one measures the use of American actors and the third measured use of the Norwegian ones. The logic behind the enquiry remained the same as for management knowledge, asking about past, present and planned future use of a list of consultancies. The list was based on the largest 20 consulting companies according to Konsulentguiden's ranking for 2004 (Konsulentguiden 2006).

### **3.4.1 Index constructions**

The dependent variables are additive indexes constructed by indicators, intermediary indexes, which observed how much the respondents have used, are using and are considering management knowledge and management consulting, as previously described. The indicators measured the eligibility of each respondent. They determined if the responding organizations had faced decision making processes that involve selecting management knowledge and consulting companies. Each concept was measured by the three usage indicators and formed an intermediary index that reflected the use of the concept or consultancy. The minimum score of each intermediary index was 0 and the maximum score was 3, 0 representing no use of the concept or consultancy, and scores larger than 0 means that the concept or consultancy has been, is being or is considered being used. The intermediary indexes were added together to an index that reflected the total use of management knowledge (index 1), all consultancies (index 2), American consultancies (index 3) and Norwegian consultancies (index 4). The table shows which management concepts and consultancies that were grouped together into indexes<sup>5</sup>.

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<sup>5</sup> The tables of scores and frequencies for the index constructions for the dependent variables are presented in appendix 5.

**Table 3.1** List of variables used in the index constructions for the dependent variables.

Index 1	Index 2	Index 3	Index 4
Management knowledge	All consultancies	American consultancies	Norwegian consultancies
CRM	Accenture	Accenture	Arkwright
HRM	Arkwright	A.T. Kearny	Bedriftskompetanse
Knowledge Management	A.T. Kearny	Boston Consulting Group	Bekk Consulting
TQM	Bedriftskompetanse	Capgemini	DNV Consulting
Benchmarking	Bekk Consulting	Deloitte Consulting	Hartmark Consulting
BSC	Boston Consulting Group	Ernst & Young Advisory	Mark Up Consulting
Teams	Capgemini	McKinsey & Company	
CFP	Deloitte Consulting	Right Management C.	
ERP	DNV Consulting		
CSR	Ernst & Young Advisory		
	Hartmark Consulting		
	Mark Up Consulting		
	McKinsey & Company		
	PA Consulting Group		
	Right Management C.		
	Xlent		

The composition of the index 2: use of all consultancies excludes Dovre International, Steria and Gartner Norge because they do not offer management consulting services in terms of corporate strategy and organizational development. Davinci Consulting was not included due to undetected errors under the development and distribution of the survey. PA consulting and Xlent are not included in index 3: use of American consultancies or 4 Norwegian consultancies because their origins.

Index 1: use of management knowledge was put together by ten surveyed concepts which made ten intermediary usage indexes. This index has a minimum score of 0 and a theoretical maximum of 30. A score of 30 would signify that a respondent has used, is using and is considering all the concepts, but in this sample the maximum score was 25. One of the 24 respondents had not used or considered using any of the management concepts.

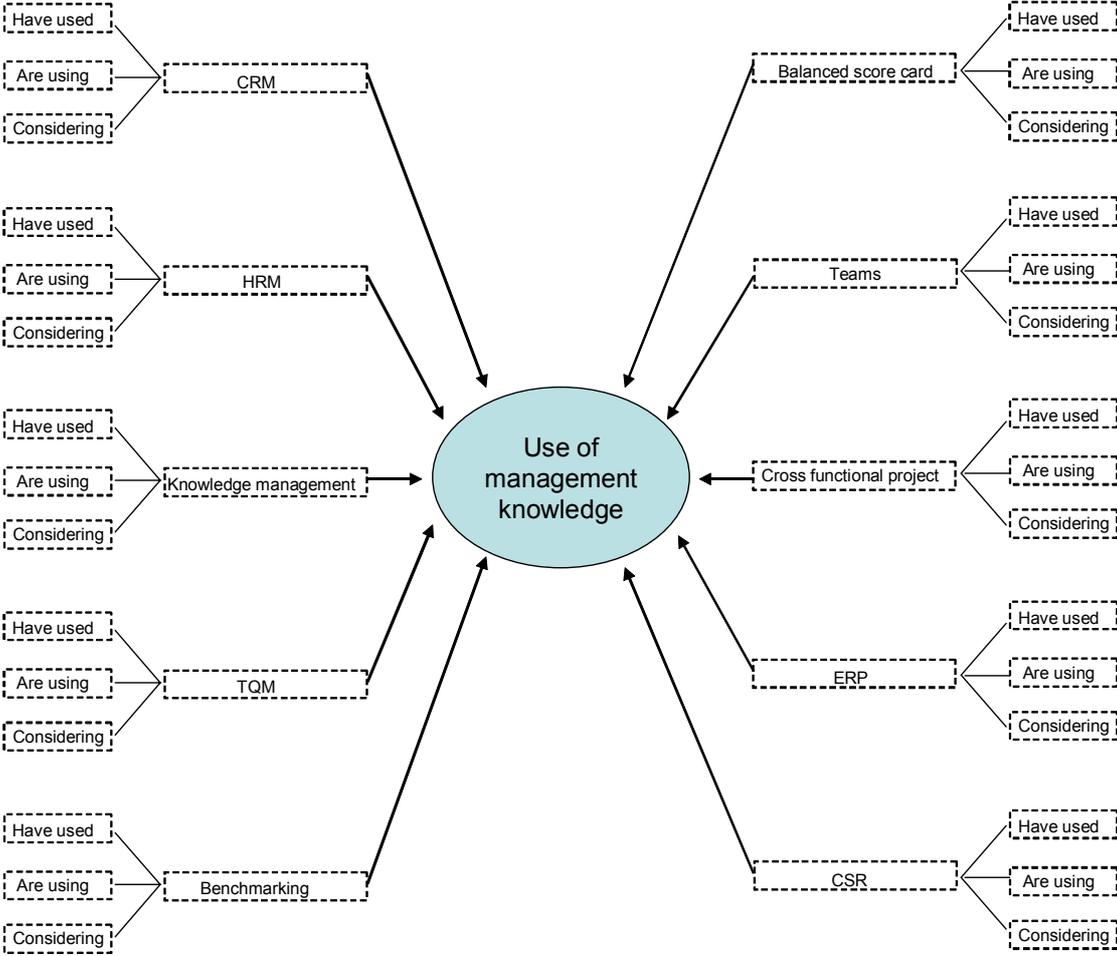


Figure 3.3 Depiction of the construction of index 1: use of management knowledge.

Index 2: use of all consultancies was constructed of management consulting companies ranked among the largest 20 by Konsulentguiden based on revenue figures from 2004, excluding Davinci Consulting and Dovre International, Gartner Norge and Steria mentioned earlier. The index ultimately included sixteen companies and the maximum score of the index was 13 of a theoretical score 48. This indicates that the respondents only use a few consultancies, which was quite expected. Two of the 22 respondents had not used or considered the surveyed companies.

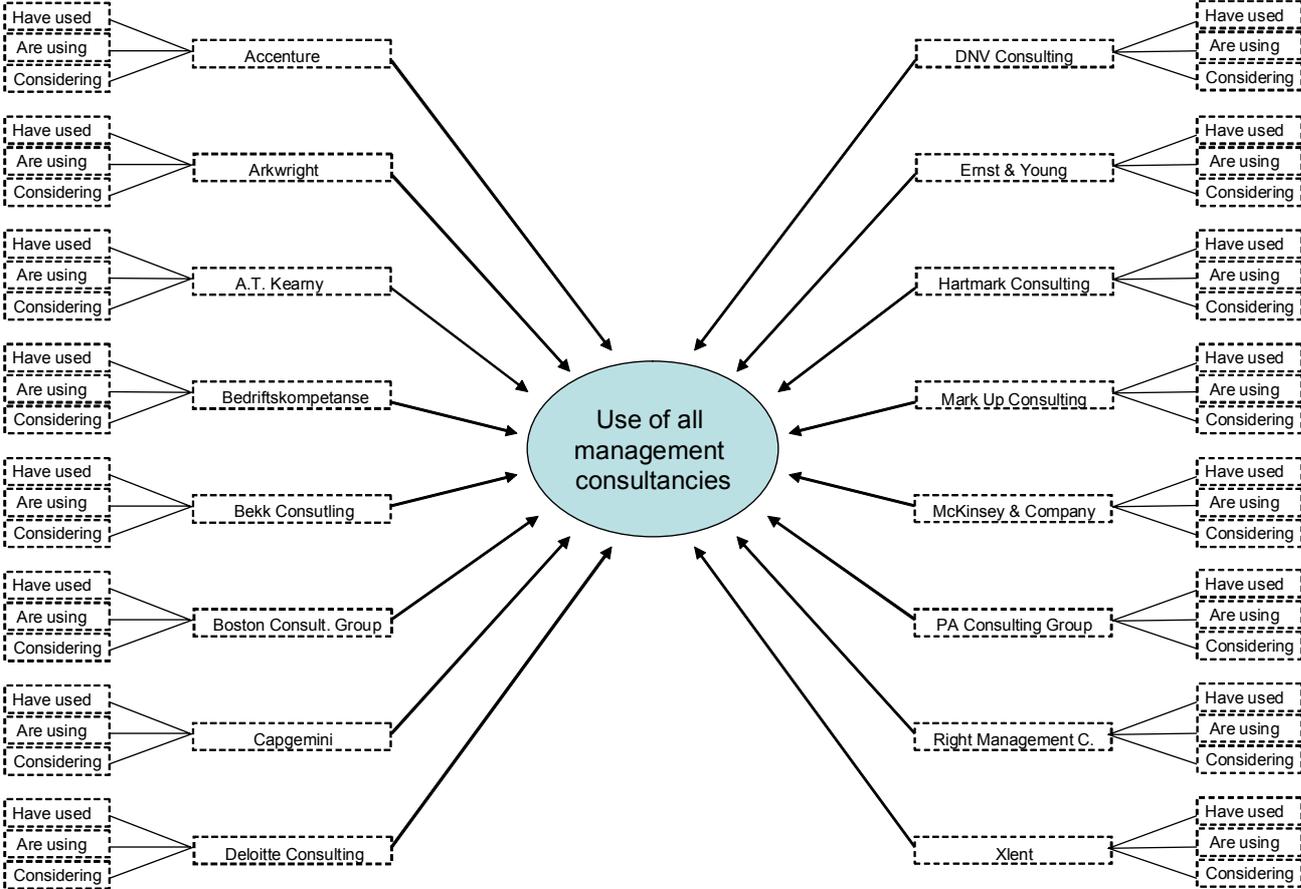


Figure 3.4 Depiction of the construction of index 2: use of all management consultancies.

Index 3: use of American consultancies was constructed of eight companies with American origin. The origin of Capgemini is French, but they have through acquisitions penetrated the American and European markets. They acquired central actors to enter the British, German and American market. They acquired Ernst & Young Consulting in 2000, which three doubled their revenue in North America. This acquisition gave them both market shares and American consulting competence. I have chosen to treat Capgemini as an American consultancy because it has acquired and diffuses American competence and traditions. The maximum score of the index was 6 of a theoretical score of 24. Four of the 22 respondents had not used or considered American consulting companies.

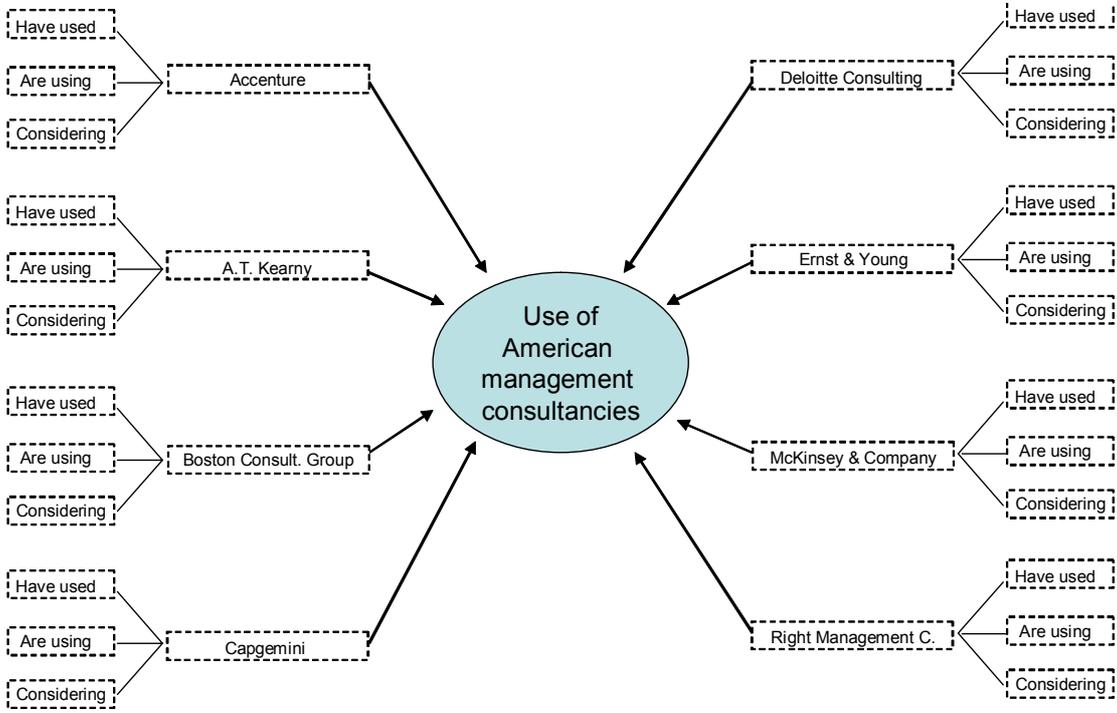


Figure 3.5 Depiction of the construction of index 3: use of American consultancies.

Index 4: use of Norwegian consultancies was constructed of six companies. The maximum score of the index was 4 of a theoretical score of 18. Ten of the 22 respondents had not used or considered Norwegian consulting companies.

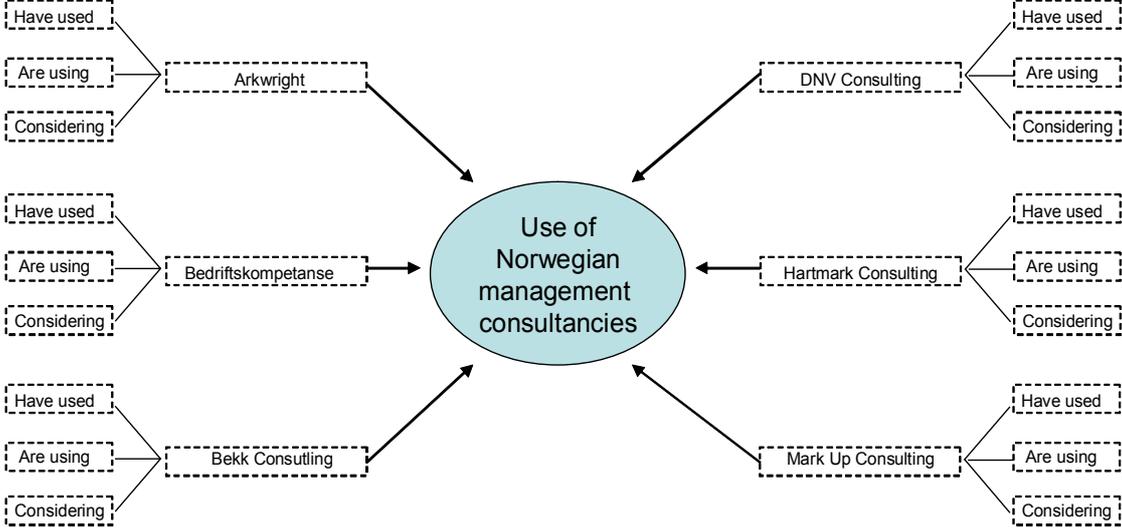


Figure 3.6 Depiction of the construction of index 4: use of Norwegian management consultancies.

**3.5 The independent variables**

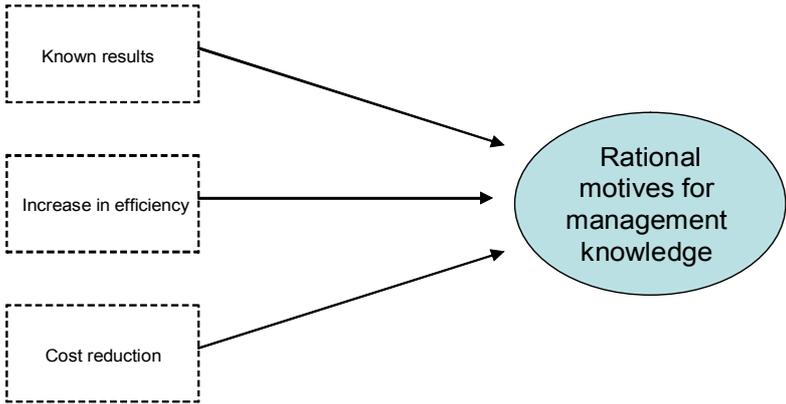
The independent variables in the regression model include indexes and single variables. The independent variables represent rational motives and symbolic motives, some were a part of the indexes and others represented single measures<sup>6</sup>. The rational motives were observed through indicators that reflected documented results or terms that define economical efficiency such as increase in productivity, cost reduction, etc. The main drive behind the rational perspective is documented results, though there are very few management concepts if any that really obtain an adequate degree of documentation. The documentation usually describes which results the management knowledge will obtain in the future compared to those it actually obtained in the past (Røvik 1998:47-72). The new institutional perspective is reflected through strong meaningful symbols of appropriate values and norms in addition to rational efficiency aspect. The variables indicated who or what could influence their choice of management knowledge aside from documented results, such as stakeholders, suppliers, other organizations or corporate cultural and futuristic notions (Røvik 1998:48-73). Consultants are

<sup>6</sup> The table of scores and frequencies for the index constructions for the independent variables are presented in appendix 6.

considered by many and from the rational perspective, the most appropriate and therefore legitimate carriers of management knowledge. Hence, acquiring consulting services legitimizes the choice of management knowledge (Røvik 1998:40-41). Nevertheless, the choice of consultancy does not have to be rational. The consultancies, as mentioned several times before, thrive on their reputation and the reputation of their clients and long lasting consultant and client relationships. The survey questions are formulated to distinguish between rational and more symbolic motives like the part on management knowledge, but also include some enquiries about the preference of international versus national consultancies, as well as generalist versus industry specific consultancies.

**3.5.1 Index constructions for independent variables**

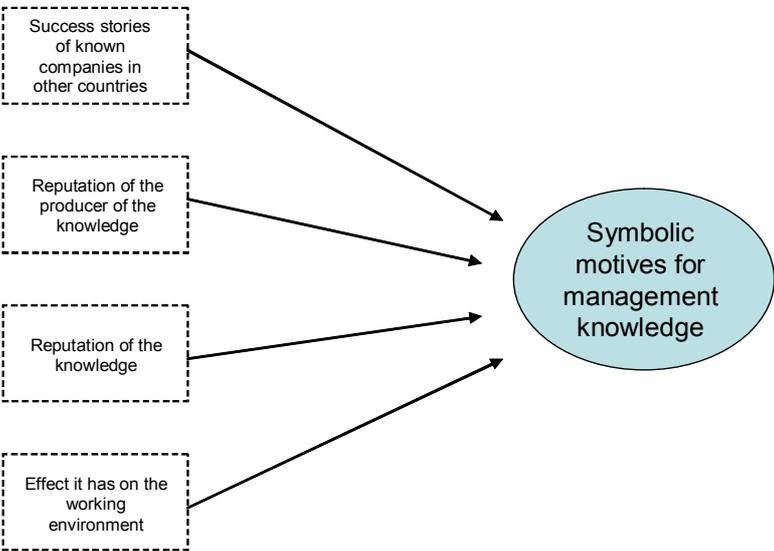
The indicators for the rational motives indexes were selected based on theoretical criteria. Index 5, rational intensions for management knowledge, was constructed of three indicators that observed the significance of the known results, increase in efficiency and cost reduction. The indicators imply the most used rational rhetoric for management knowledge. The maximum observed score for this index was 12 and the minimum observed score was 7. The mean of the index was 10.67 which indicates that the respondents give the indicators much importance for selecting management knowledge.



**Figure 3.7** Depiction of the construction of index 5: rational motives for management knowledge.

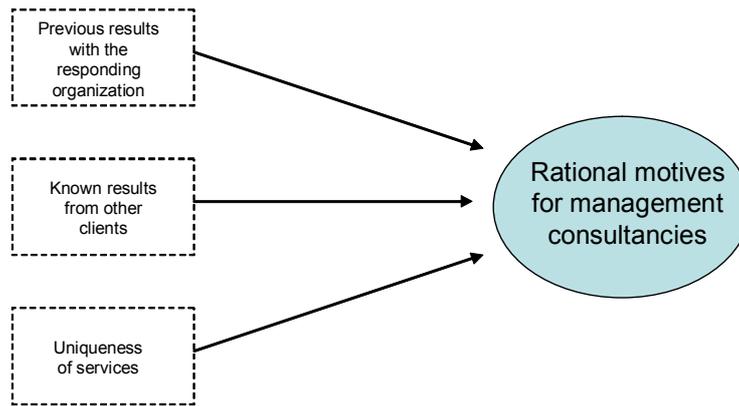
Index 6, symbolic motives for management knowledge, was constructed of four indicators that showed the significance of the success stories of known companies in other countries have had with the knowledge, the reputation of the producer of the knowledge, the reputation

of the knowledge itself and the effect it has on the working environment. The first indicator accentuates idolization of other companies and the logic fits with homogenization of management practice. The second and third emphasize the reputation of the producer and the knowledge, though it does not indicate documented results, but more the softer aspects of the knowledge. The fourth and last indicator goes further the former, and implies a desired outcome of the knowledge. The maximum observed score for this index was 16 and the observed minimum score was 7. The mean of the index is 11.73 which indicates that the respondents give the indicators some importance for selecting management knowledge.



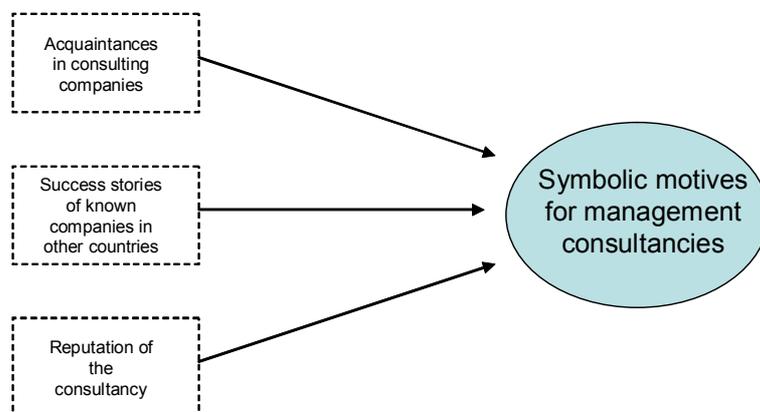
**Figure 3.8** Depiction of the construction of index 6: symbolic motives for management knowledge.

Index 7, rational motives for consultancies, was constructed of three indicators that observed the significance of previous results at the respondent, known results from other clients and uniqueness of services. The first two indicators emphasize results, both previous results from own experience and results published about others, and the third indicator features the uniqueness of services. The latter, appeals to rational decision making by creating one’s individual strategy or competitive advantage as well as diverges from isomorphism. The maximum observed score for this index was 12 and the minimum observed score is 5. The mean of the index was 9.46 which indicates that the respondents give the indicators some too much importance for selecting management consultancies.



**Figure 3.9** Depiction of the construction of index 7: rational motives for management consultancies.

Index 8, symbolic motives for consultancies, was constructed of three indicators that observed the significance of acquaintances in consulting companies, the success stories that known companies in other countries have had with the consultancy, the reputation of the consultancy. The first indicator focuses on the field of consultancy and its connectedness through spin-offs such as the close consultant/client relationship and the recruitment of MBA graduates to the most reputable consultancies and top management in the largest corporations. The second and third indicator emphasizes the reputation of the consultancy and its intervention. The maximum observed score for this index was 12 and the minimum observed score was 3. The mean of the index was 6.62 which indicates that the respondents give the indicators little to some importance for selecting management consultancies.



**Figure 3.10** Depiction of the construction of index 8: Symbolic motives for management knowledge.

### 3.6 Multiple regression analysis

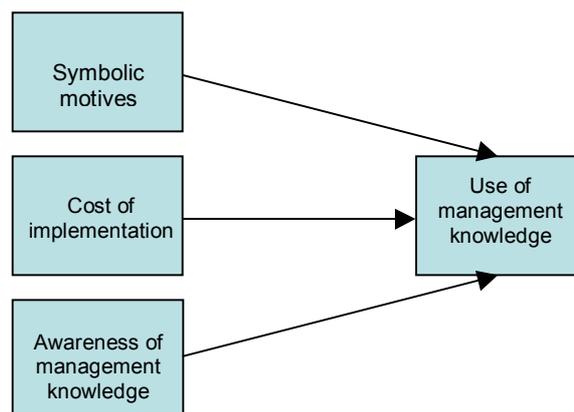
I decided to use multiple regression analysis to test H1.3.1a, H1.3.1b, H2.3.1a and H2.3.1b so I could determine what motivates the use of management knowledge and consultancies. First, I tested if the use was motivated by rational and symbolic motives or one or the other.

Thereafter, I wanted to find as many explanatory variables as possible to make a complete model of the motivations behind the choice of management knowledge and consultancies.

#### 3.6.1 Method: Use of management knowledge

The first step in analyzing the preferences of American management knowledge started with a multiple regression of how rational and symbolic motives could explain the use of management knowledge. The dependent variable was index 1: use of management knowledge and the independent variables were index 5: rational motives and 6: symbolic motives. I chose to put index 6: symbolic motives first in the model on the basis on my prediction.

The second step was studying the correlation matrix of index 1: use of management knowledge and the other variables about choice of management knowledge<sup>7</sup>. Index 6: symbolic motives, the cost of implementation and awareness of management knowledge stood out from the other variables with higher positive correlations (0.353, 0.310 and 0.419) than the other variables. This leads to:



**Figure 3.11** Model 2 of use of management knowledge.

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<sup>7</sup> The correlation matrixes are presented in appendix 7.

### Symbolic motives:

**H1.3.1a:** Symbolic motives affect the use of management knowledge.

### The cost of implementation

**H1.3.2:** The cost of implementation affects the use of management knowledge.

### Awareness of management knowledge

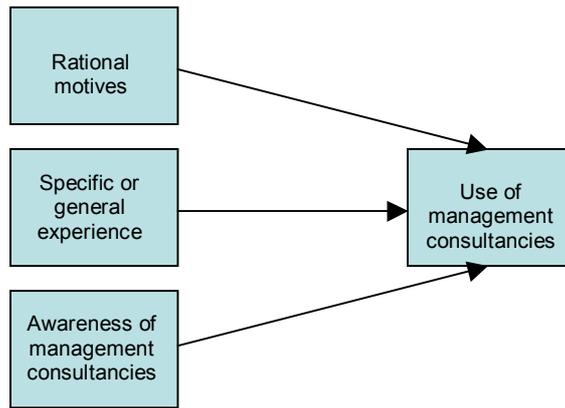
**H1.3.3:** The awareness of management knowledge affects the use of management knowledge.

## **3.6.2 Method: Use of management consultancies**

The methods used for analyzing the use of management consultancies had several steps. In addition to analysis of the motives behind use of management consultancies, I wanted to analyse if there were different motives behind the choice of using an American consulting company than for a Norwegian one.

The first step was identical to the analysis of management knowledge and started with a multiple regression of how rational and symbolic motives could explain the use of management consultancies. The dependent variable was index 2: use of management consultancies and the independent variables were index 7: rational motives and index 8: symbolic motives. I chose to put index 7: rational motives first in model on the basis on my prediction.

The second step continues as above with a study of the correlation matrix of index 2: use of management consultancies and the other variables about choice of management consultancies. Index 7: rational motives, industry specific experience or general experience from many industries, comprehension of the corporate culture and awareness of management consultancies stood out from the other positive correlations (0.558, 0.378, 0.353 and 0.333) compared to the other variables, but comprehension of the corporate culture did give significant results in the regression model. This leads to:



**Figure 3.12** Model 2 for use of management consultancies.

Rational motives:

**H2.3.1a:** Rational motives affect the use of management consultancies.

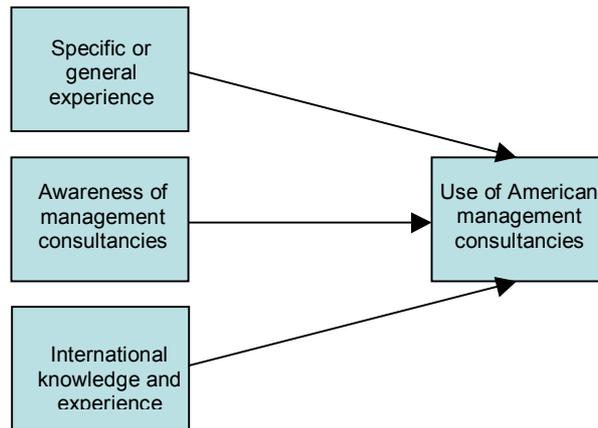
Specific or general experience:

**H2.3.2:** Industry specific experience or general experience from many industries affects use of management consultancies.

Awareness of management consultancies:

**H2.3.3:** The awareness of management consultancies affects the use of management consultancies.

The third step was to analyse the motives behind the use of American management consultancies. A study of the correlation matrix of index 3: use of American management consultancies and the other variables about choice of management consultancies pointed out the following variables: industry specific experience or general experience from many industries, awareness of management consultancies and international knowledge and experience (0.454, 0.453 and 0.432. The fairly high correlation between index 2: use of management Index 7: rational motives was weaker compared to with index 3: use of American management consultancies (0.155). This leads to:



**Figure 3.13** Model for use of American management consultancies.

Specific or general experience:

**H2.3.1A:** Industry specific experience or general experience from many industries affects use of management consultancies.

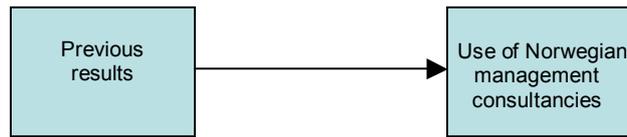
Awareness of management consultancies:

**H2.3.2A:** The awareness of management consultancies affects the use of management consultancies.

International knowledge and experience:

**H2.3.2A:** International knowledge and experience affects the use of management consultancies.

The fourth and final step was to analyse the motives behind the use of Norwegian management consultancies. The correlation matrix of index 4: use of Norwegian management consultancies and the other variables about choice of management consultancies indicated high correlations among variables concerning results, such as index 7: rational motives, previous results from own experience and published results about others (0.485, 0.492 and 0.399). The two single independent variables are a part of index 7: rational motives, but previous results from own experience correlates higher with index 4: use of Norwegian management consultancies. This leads to:



**Figure 3.14** Model for use of Norwegian management consultancies.

**H2.3.1N:** Previous results from own experience affects use of Norwegian management consultancies.

### **3.7 Validity and reliability**

Measurement theory focuses on the accuracy of an empirical measure. The validity of a measurement concerns the accordance between the theoretical and operational definitions. Reliability reflects the consistency of the results measured under the same conditions (Knoke et al. 2002). The distance between the theoretical and operational definitions poses validity and reliability challenges in many studies. In this case, I noticed that some the respondents had trouble understanding some of the questions in the survey. The linkage between the theoretical concept of management knowledge and what the actual management concept is called by the consultancies or organizations was confusing for some respondents. I noticed that the literature uses the term management knowledge, concepts or recipes, but organizations do not relate to their processes and routines in the same way. The term management knowledge would be too ambiguous for the respondents, so I used terms like management tools and methods. However, some respondents did not understand what the terms meant because they were too general and could only refer to the specific name of the concept. In some cases, as in the case for ERP, the respondents claimed not to recognize the name of concept, but they had knowledge of a brand of software that is based on ERP. My own “*taken-for-grantedness*” imposed limitations in the development of the survey. One respondent phoned me and asked me to clarify what a managerial tool was. Another said that they did not follow any fads or trends in management. Later on they both informed me that their organizations used the BSC and other well known tools, systems and methods. Such types of misinterpretations prove that the distance between every day jargon and theoretical terminology was greater than expected.

Røvik (1996; 1998) demonstrates that institutionalized organizations are more flexible and are capable of dropping deinstitutionalized structures and incorporating new ones and are therefore frequent consumers of management knowledge and consulting services. The largest Norwegian corporations are cornerstones in the Norwegian economy, and include private, public and partially governmentally owned corporations. A drawback by only surveying the largest corporations limits the validity of the findings to a specific segment of the population. Small and medium sized enterprises (SME) are not represented, and they are assumed to have different motives and preferences from the large corporations. This thesis can give reliable information about the surveyed organizations, and give indications about that specific part of the population.

Another aspect of the measurement that raises validity and reliability issues is the interpretation of rational and symbolic motives. Organizations will not admit that they adopt new structures or hire consultants purely based on symbolic reasoning. They will portray their own identity and rational logic, even though, the sample features large corporations that face contradictory demands from their stakeholders.

## **Chapter 4: Analysis**

The data analysis will be divided into four. The results of the three methods are presented as described in the methodology chapter and the fourth part will be a compilation of all the results from stages.

### **4.1 American domination**

Consultancy markets have been known to vary in Western Europe in size and in the degree homogenisation of American management practices (Kipping et al. 2003). A thorough market analysis will help identify the actors and their roles in the market and test H1.1 and H2.1. The examination is based on statistics published by Konsultenguiden (2006) on revenues of the management consulting industry for 2004 in Norway and the home pages of the largest grossing consulting companies in Norway.

The market structure analysis according to economic theorists such as Caves (1982) focuses on the market concentration (seller and buyer), product differentiation and barriers of entry and exit, and growth rate of market demand. I will present only the relevant elements of structural market analysis to evaluate my hypotheses. The applicable elements are product differentiation and seller's market concentration<sup>8</sup>.

#### **4.1.1 Product differentiation**

Product differentiation is a structural trait suppliers use to distinguish products and services from one another. Tangible differences in products or services are easy to recognize. However, many markets hold undifferentiated products or services which are hard to tell apart, e.g., steel or wheat. Thus, the entrance of branding and advertising has almost made all markets differentiated (Caves 1982). The management consultancy market is considered to be a homogenous market, with initially quite undifferentiated products or services. Many may object to this categorization, but consultancies claim to solve efficiency problems through strategies that include certain forms of leadership, cost reduction, customer management and making employees efficient and happy at the same time. The products and services are purposely ambiguous according to earlier presented statements. The power of brands and the

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<sup>8</sup> The remaining elements of the market structure analysis is presented in appendix 8.

size of the largest firms marketing budgets differentiate the products and services, but also the experience of the consulting intervention and the consultants themselves are promoted as “products”. As mentioned before, the consultant/client relationship is a tight, long lasting connection for many reasons, such as earlier results, trust, organizational culture, and for legitimacy.

**Table 4.1** Main services offered by the largest 20 consultancies according to Brønnøysundregisteret.

Company name	Services
Accenture	IT consulting services, corporate strategy services
Capgemini	IT consulting services, corporate strategy services
Steria	IT consulting services
DNV Consulting	Technical testing and analysis
Ernst & Young Advisory	IT consulting services, corporate strategy services
McKinsey & Company	corporate strategy services
Dovre International	technical consulting
Deloitte Consulting	corporate strategy services
Bekk Consulting	IT consulting services, corporate strategy services
PA Consulting Group	corporate strategy services
Boston Consulting Group	corporate strategy services
Xlent Strategy	IT consulting services, corporate strategy services
Davinci Consulting	corporate strategy services
Right Management Consultants	corporate strategy services
Gartner Norge	IT consulting services, corporate strategy services
A.T. Kearney	corporate strategy services
Hartmark Consulting	corporate strategy services
Arkwright	corporate strategy services
Bedriftskompetanse	corporate strategy services
MarkUp Consulting	corporate strategy services

Eleven of the largest 20 firms offer corporate strategy as their main activity and six of the largest 20 offer a combination of IT consulting services and corporate strategy services. There are two consultancies that are slightly dissimilar from the rest, DNV Consulting (ranked 5<sup>th</sup>) and Dovre International (ranked 7<sup>th</sup>) and specialize in more technical consulting and the latter exclusively towards the oil industry. Steria (ranked 3<sup>rd</sup>) is more of an IT consultancy and does not perform corporate strategy or organizational development compared. The largest 20 consultancies offer 20 different types of services according to Konsulentguiden. They range from corporate strategy which fifteen offer to numerous different IT services and executive search which is offered by one of the 20. However, since the definitions of services vary, the

most significant observation must be that seventeen offer corporate strategy or organizational development. The three consultancies who fall out of the pattern are Steria (ranked 3<sup>rd</sup>), Dovre International (ranked 7<sup>th</sup>) and Gartner Norge (ranked 14<sup>th</sup>). The larger consultancies, often the ones who have accounting branches as well, offer more services than the others. For example, McKinsey & Company specifically offers corporate strategy services and Boston Consulting Group offers organizational development.

**Table 4.2** Services offered by the largest 20 consultancies according to Konsulentguiden.

Type of service	Number of consultancies offering the services	Percentage
Corporate strategy services	15	75 %
Organizational development	13	65 %
IT-strategy	11	55 %
Competence development	8	40 %
Logistics	8	40 %
Financial control	6	30 %
Human Resources	6	30 %
Implementation	6	30 %
Evaluating and choice of IT	6	30 %
Organizing/Planning	5	25 %
Other	5	25 %
Process analysis	5	25 %
System analysis	5	25 %
System development	5	25 %
IT-system supply	4	20 %
Maintenance/operations	4	20 %
Infra structure/hardware supply	2	10 %
Financial consulting	2	10 %
Business- and industry research	1	5 %
Executive search	1	5 %

An analysis of the services listed on the companies' web pages, showed that there is a myriad of definitions and explanations of offered services. Some companies list explicitly what strategic philosophy they follow and which management recipes they implement. Others are more vague and only mention the strategic philosophy and very ambiguous ideas. There are still some common tendencies which emphasize CRM, HRM and different IT systems (e.g., ERP). The multinational consultancies distribute their on magazines, run larger campaigns in media and get more press attention. However, the issue about product definition comes up again. Is the product the consulting intervention or the results of the intervention?

## **Result of H1.1**

**H1.1:** American management knowledge is carried by American and domestic consultancies in the Norwegian market.

The hypothesis is confirmed. The products and services are differentiated through rhetoric and marketing and promotional efforts, but seem to have a core of the same type of management knowledge for both the American and Norwegian consultancies. CRM, HRM and IT-systems are dominant. Even the more vague companies who only refer to strategy development use similar discourse about their services.

### **4.1.2 Market concentration**

A concentration ratio is a measure which recognizes the dominant actors and density of the suppliers and buyers in a market. The ratio is typically based on the total revenue or the numbers of employees of the 4, 8 and 20 largest firms compared to the total market (Caves 1982). The concentration of the sellers in the Norwegian market has an oligopolistic tendency, where the largest 4 companies in terms of revenue have 58% of the market, the largest 8 have 76% and the largest 20 have 89%.

**Table 4.3** Norwegian consultancy market concentration.

Rank 2004	Consultancy name	Nationality	Established In Norway	Private clients	Public clients	Revenue of the Norwegian market	Largest 20	Largest 8	Largest 4
1	Accenture	USA	1989	Yes	Yes	1009	23 %	23 %	23 %
2	Capgemini	USA/France	1986	Yes	Yes	769,4	17 %	17 %	17 %
3	Steria	France	1958	Yes	Yes	544	12 %	12 %	12 %
4	DNV Consulting	Norway	1988	Yes	Yes	275	6 %	6 %	6 %
5	Ernst & Young Advisory	USA/UK	1996	Yes	Yes	250	6 %	6 %	6 %
6	McKinsey & Company	USA	1987	Yes		250	6 %	6 %	
7	Dovre International	Norway	1989	Yes	Yes	169,2	4 %	4 %	
8	Deloitte Consulting	USA/UK	1998	Yes	Yes	121,6	3 %	3 %	
9	Bekk Consulting	Norway	2000	Yes	Yes	93,7	2 %		
10	PA Consulting Group	UK	1978	Yes	Yes	70,6	2 %		
11	Boston Consulting Group	USA	1996	Yes		60	1 %		
12	Xlent	Sweden	1998	Yes	Yes	56,7	1 %		
13	Davinci Consulting	Norway	1998	Yes	Yes	52,9	1 %		
14	Right Management Consultants	USA	1997	Yes		47	1 %		
15	Gartner Norge	USA	1989	Yes		41,2	1 %		
16	A.T. Kearney AS	USA	1989	Yes	Yes	37,4	1 %		
17	Hartmark Consulting AS	Norway	1994	Yes	Yes	35,4	1 %		
18	Arkwright AS	Norway	2000	Yes		33,7	1 %		
19	Bedriftskompetanse	Norway	1989	Yes	Yes	32,9	1 %		
20	MarkUp Consulting	Norway	1996	Yes		30,2	1 %		
Total							89 %	76 %	58 %

Table constructed with figures for 2004 published by Konsulentguiden (2006)

Among the largest 4 consultancies in the Norwegian market, there are two with American relations, Accenture and Capgemini, one Swedish, Steria and one Norwegian, DNV Consulting. In the next 4, we find 1 Norwegian consultancy, Dovre International, and three with American relations, Ernst & Young Advisory, McKinsey & Company and Deloitte Consulting. In the largest 20, there are nine American related consultancies, eight Norwegian, one French, one Swedish and one English (see figure 4.3).

Ranking on top, we find Accenture which is of American origin and the world's largest consulting company. Their revenue is almost twice that of the third largest one on the list, Swedish Steria. Though, the editor of *Konsulentguiden* (2006) mentioned that Accenture does not differentiate between management consulting and IT consulting. There are strong indications that separation of these two forms of consulting will only get more complex in the future. IT has become a commodity and its competitive advantage is vanishing (Carr 2003). Nevertheless, many of the management concepts are based on an IT platform, so one can not acquire the one without the other. In addition, IT does require a certain level of competence to be of use or in some cases, require specialized expertise, which both represent services offered by consultancies; competence development and outsourcing.

## **Result of H2.1**

**H2.1:** American consultancies dominate the Norwegian market.

The hypothesis is confirmed. The two largest management consultancies in the market have American origins and hold 50% of the revenue of the market. The largest Norwegian actors are specialists and do not serve all industries. The American consultancies penetrated and took over the Norwegian market quickly in the nineties and the market seems to have followed the likes of the ones in other countries with regard to the rate of spin-offs and emergence of local actors supplying the peripheral areas.

## 4.2 Awareness and use of management knowledge

The table shows the awareness and use of the surveyed management concepts.

**Table 4.4** Awareness and use of management knowledge.

Management concept	(N)	Respondents		(N)	Respondents	
		awareness of the concept			use of the concept	
CRM	26	22	84.6 %	25	11	44.0 %
HRM	27	26	96.3 %	24	14	58.3 %
Knowledge Management	27	22	81.5 %	24	12	50.0 %
TQM	27	22	81.5 %	24	12	50.0 %
Benchmarking	27	24	88.9 %	24	18	75.0 %
Balanced Scorecard	27	24	88.9 %	24	14	58.3 %
Teams	27	18	66.7 %	24	7	29.2 %
Cross functional project	27	20	74.1 %	24	14	58.3 %
ERP	27	11	40.7 %	24	5	20.8 %
CSR	27	24	88.9 %	24	12	50.0 %

All the surveyed organizations recognized at least two or more management concepts. HRM was the most known concept, 26 of 27 respondents were familiar with the concept (96.3 %), while ERP was surprisingly the least known concept and recognized by 11 of 27 respondents (40.7 %). The low response for ERP is notable in comparison to the structural market analysis, where ERP was one of the most offered services. This apparent discrepancy can be explained by the fact that ERP is a generic term for the concept and the product is an information system that is based on software. The software is often supplied by other well known companies that brand their product, e.g., SAP. Six of 26 respondents (23.1 %) were familiar with all the ten concepts, while only 2 of 26 respondents (3.8 %) recognized only two of the concepts. Two other concepts, Risk Management and Succession Planning, were detected in the open answer field in the survey about awareness of management concepts.

The most used and considered management concept was benchmarking, used and considered by 18 of the 24 respondents (75 %). Only 1 respondent had not or did not use or consider any of surveyed management knowledge<sup>9</sup>.

## **Result of H1.2**

**H1.2:** American management knowledge is known and used by Norwegian organizations.

The hypothesis is confirmed. The respondents were familiar with and almost all of them *used* one of the surveyed concepts. The survey did detect two other concepts that also have American origins. There were some comments that they developed their own methods and strategies. The comments indicate that some organizations want to present themselves as individual thinkers and developers of knowledge, even though they use known strategy development tools. One example is the balanced scorecard. Many organizations claim to have developed their own methods and strategies through the use of the balanced scorecard.

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<sup>9</sup> The tables of scores and frequencies for the awareness indexes are presented in appendix 9.

### 4.3 Awareness and use of consultancies

The table shows the awareness and use of the surveyed consulting companies.

**Table 4.5** Awareness and use of management consultancies.

Consultancy	(N)	Respondents		(N)	Respondents	
		awareness of the consultancy			use of the consultancy	
Accenture	23	23	100 %	22	6	27.7 %
Arkwright	23	19	17.4 %	22	-	-
A.T. Kearney	23	13	56.5 %	22	4	18.2 %
Bedriftskompetanse	23	4	17.4 %	22	1	4.5 %
Bekk Consulting	23	8	34.8 %	22	2	9.0 %
Boston Consulting Group	23	18	78.3 %	22	3	13.6 %
Capgemini	23	23	100%	22	7	31.8 %
Deloitte Consulting	23	22	95.7 %	22	7	31.8 %
DNV Consulting	23	16	69.6 %	22	7	31.8 %
Dovre International	23	5	21.7 %	22	2	9 %
Ernst & Young Advisory	23	23	100%	22	9	40.9 %
Gartner Norge	23	10	43.5 %	22	-	-
Hartmark Consulting	23	18	78.3 %	22	5	22.7 %
MarkUp Consulting	23	5	21.7 %	22		13.6 %
McKinsey & Company	23	23	100%	22	8	36.4 %
PA Consulting Group	23	22	95.7 %	22	8	36.4 %
Right Management C.	23	10	43.5 %	22	4	18.2 %
Steria	23	4	17.4 %	22	-	-
Xlent	23	1	4.3 %	22	-	-

The most known consulting companies among the respondents are Accenture, Capgemini, Ernst & Young Advisory and McKinsey & Company which were recognized by all the respondents. Deloitte Consulting and PA Consulting were recognized by 22 of the 23 of the respondents (95.7 %). Xlent was the least known consulting company and was only recognized by one respondent. The most recognized Norwegian consulting companies were Hartmark Consulting and DNV Consulting which were recognized by 18 and 16 of the 23 respondents (78.8 %, 69.6). Hartmark Consulting's historic roots stretch all the way back to 1928, and became the Norwegian consultancy Hartmark Consulting in 1994 through name changes and international mergers and acquisitions. DNV Consulting is a part of DNV corporation which is been well known in

Norway. The other Norwegian companies were recognized by one third of the respondents or less. The respondents were aware of some smaller Norwegian consulting companies, KPMG and PriceWaterhouseCoopers. They also mentioned other companies that are not considered as management consulting companies such as Dinamo and Geelmuyden.Kiese.

The most used consultancy is Ernst & Young Advisory which 9 of the 22 respondents (40.9) have used or considered using. There might be some validity issues among the answers concerning the big accounting firms. Have the respondents differentiated between the use of management consulting services and the accounting services? The American companies are generally more used than the Norwegian companies. PA Consulting (British) stands out as a dominant actor that is not further included in the analyses. DNV Consulting is the most used and considered Norwegian consultancy which also poses validity issues due to the operations of its mother company. Hartmark Consulting is the strongest Norwegian actor according to the measures of the index with 5 users, but surpassed by Bekk Consulting in revenues. This might indicate that Bekk Consulting has clients outside the sample.

## **Result of H2.2**

**H2.2:** American consultancies are most known and used by Norwegian organizations.

The hypothesis is confirmed. The American management consultancies prove to be the most recognized and have a higher usage frequency than the Norwegian actors. The sample consists of the largest corporations in Norway which most likely affects the results.

## ***4.4 Motives for use of management knowledge***

Multiple regression procedures assume that the relationships between the dependent and independent variables are linear and that the residuals are distributed normally and homoscedastic (Knoke et al. 2002). The multiple regression analyses will determine what motivates the use of

management knowledge and consultancies. I will present the results of the models in tables and comment the main effects of the variables and discuss their implications<sup>10</sup>.

#### 4.4.1 Model use of management knowledge 1

Table 4.6 shows the results of the regression analysis of H1.3.1a and H1.3.1b.

**Table 4.6** Regression coefficients for use management knowledge 1.

	N= 24
Constant	7.452 (14.89)
Symbolic motives	.322 .910 (.564)
R2 adjusted 1 variable	.084
Rational motives	-.121 -.677 (1.151)
R2 adjusted 2 variables	.056

Note: First listing in table for each variable is standardized regression coefficients (beta).

Second listing is unstandardized coefficient.

Third listing, in parentheses, is error of estimate.

The symbolic motives account for 8.4 % of the variance in model 1 and the beta value of symbolic values have a positive and moderate effect of 0.322 on the dependent variable. The rational motives have a negative beta value of -0.121 and the insertion of the variable reduces the explanatory degree in model 2 to 5.6 %.

#### Results of H1.3.1a and H1.3.1b

**H1.3.1a:** Rational motives affect the use of management knowledge.

**H1.3.1b:** Symbolic motives affect the use of management knowledge.

<sup>10</sup> Summaries of statistical testing of all the models are presented in appendix 10.

H1.3.1a is rejected and H1.3.1b is confirmed. The model indicates that use of management knowledge is driven by symbolic motives. The rational motives correlate negatively with index 1: use of management knowledge and the symbolic motives.

#### 4.4.2 Model use of management knowledge best fit

Table 4.7 shows the results of the regression analysis of H1.3.1b, H1.3.2 and H1.3.3.

**Table 4.7** Regression coefficients for use of management knowledge best fit.

	N= 24
Constant	-29.660 (14.89)
Symbolic motives	.564 1.437 .445
R2 adjusted 1 variable	.084
Cost of implementation	.406 3.924 (1.55)
R2 adjusted 2 variables	.219
Awareness of management knowledge	.482 1.46 (.479)
R2 adjusted 3 variables	0.44

Note: First listing in table for each variable is standardized regression coefficients (beta).

Second listing is unstandardized coefficient.

Third listing, in parentheses, is error of estimate.

p = <.05.

The variables explain 44 % of the use of management knowledge and all of them are significant. The symbolic motives explain 8.4 % of the variance in the model, but have the strongest effect (beta = .564) on index 1: use of management knowledge. The cost of implementation has a moderate effect on the dependent variable and explains 13.5 % of the variance. Awareness of consultancies explains most of the three variables (22.1 %) and has a moderate and stronger beta value (.482) than the cost of implementation.

#### Results of H1.3.1b and H1.3.2 and H1.3.3

**H1.3.1b:** Symbolic motives affect the use of management knowledge.

**H1.3.2:** The cost of implementation affects the use of management knowledge.

**H1.3.3:** The awareness of management knowledge affects the use of management knowledge.

H1.3.1a, H1.3.2 and H1.3.3 are confirmed. The symbolic motives do not explain the largest part of variance in the model, but together with the cost of implementation they account for 21.9 % of use of management knowledge. The open answers from the survey draw parallels to those variables. The respondents mention that the knowledge should be well known and that other established companies have had success with the method, but at the same time that the practice matches their corporate values, culture and long term goals. In order for a given structure to succeed there has to be possibilities for efficient implementation and low degrees of resistance. The symbolic perspective emphasizes the social authorization of management knowledge (Røvik 1998). The model indicates that the respondents follow management fashion cycles and that they pursue what is considered to be the appropriate symbols by management consultants, academics and great leaders. The rationale behind the cost of implementation can also be a contemporary management symbol in itself if interpreted as how well the management knowledge corresponds with the existing organizational values, culture and identity. The awareness of management knowledge explained most of the model's variances and the degree of awareness appears to correlate with the frequency of adoption of management knowledge. The variable indicates that organizations which adopt most knowledge seem to have greater consciousness of what knowledge exists in the field and is legitimizing. These results also show that Norwegian organizations are affected by management fashion.

#### ***4.5 Motives for use of management consultancies***

The models that analyse the motives for use of consultancies also include models for use of American consultancies and use of Norwegian consultancies.

### 4.5.1 Model use of all management consultancies 1

Table 4.8 shows the results of the regression analysis of H1.3.1a and H1.3.1b.

**Table 4.8** Regression coefficients for use of all management consultancies 1.

	N= 22
Constant	-6.596 (4.064)
Rational motives	.545 1.126 (.404)
R2 adjusted 1 variable	.277
Symbolic motives	.053 .109 (.401)
R2 adjusted 2 variables	.242

Note: First listing in table for each variable is standardized regression coefficients (beta).

Second listing is unstandardized coefficient.

Third listing, in parentheses, is error of estimate.

p = <.05.

The variables account for 24.2 % of index 2: use of all management consultancies. However, the symbolic motives have a reducing effect on the explanatory degree and a very low beta value of .053. The rational motives have a positive beta value of .545 and explain more of the variance of the dependent variable than the whole model.

#### Results of H2.3.1a and H2.3.1b

**H2.3.1a:** Rational motives affect the use of management consultancies.

**H2.3.1b:** Symbolic motives affect the use of management consultancies.

H2.3.1a is confirmed and H2.3.1b is rejected. The symbolic motives only correlate with  $r = .182$  with use of all consultancies and have a negative effect on the explanatory degree of the model. The rational motives correlate positively with  $r = .558$  and explain 27.7 % of index 2: use of all management consultancies.

## 4.5.2 Model use of all management consultancies best fit

**Table 4.9** Regression coefficients for use of all management consultancies best fit.

	N= 22
Constant	-12.399 (4.069)
Rational motives	.508 1.049 (.330)
R2 adjusted 1 variable	.277
Specific or general experience	.406 2.446 (.965)
R2 adjusted 2 variables	.382
Awareness of management consultancies	.331 .591 (.288)
R2 adjusted 3 variables	0.472

Note: First listing in table for each variable is standardized regression coefficients (beta).

Second listing is unstandardized coefficient.

Third listing, in parentheses, is error of estimate.

$p < .05$ .

The model explains 47.2 % of the use of all management consultancies and all the variables are significant. The effect of rational motives on the dependent variable is the strongest (beta = .508), but reduced compared to model 1. Specific or general experience adds 10.5 % to the explanatory degree of the model and has a positive beta value of .406. Awareness of consultancies has the lowest effect (beta = .331) on the dependent variable and the explanatory degree (9 %).

### Results of H2.3.1a, 2.3.1 and H2.3.2

**H2.3.1a:** Rational motives affect the use of management consultancies.

**H2.3.2:** Industry specific experience or general experience affects the use of management consultancies.

**H2.3.3:** The awareness of management consultancies affects the use of management consultancies.

H2.3.1a, H2.3.2 and H2.3.3 are confirmed. The rational motives explain the largest part of the model which confirms that results are important. My data did not investigate what kind of results the respondents based their decisions on. Their own experience is for many the most rational variable. But some academics claim that it is very hard to measure the results of a consulting intervention, especially in large corporations that have many projects running at the same time. The results are more likely to be perceived as efficient, or at least acknowledged as efficient to justify the costs of the intervention. Another interesting aspect is how the results from other clients are presented and interpreted by the buyer. The positive feedback and results are often published on the consulting firms' web pages or as feature articles about their clients, but their failures are not. The rhetoric used is more general and based more on the symbolic perspective than hard facts and efficiency measures. One cannot always isolate the consulting intervention as the reason for a market upturn. The uniqueness of the services intervenes with symbolic motives when comparing the variable with the open answers. The respondents regard individualism and originality as an important organizational trait. They do not want to be copiers or imitators and emphasize that they do not buy a fixed deal, service or product. The intervention is based on the consultants' ability to listen and understand their specific organizational problems. They did not want to admit that they buy the same service and concept as other organizations. Industry specific experience or general experience may be considered as rational in the sense that consultancies with the desired experience will have the competence of the ruling best practice. Then again, the adoption of best practice becomes isomorphic and as Powell and DiMaggio (1983) argue, there comes a point where adoption of management knowledge provides legitimacy rather than improves efficiency. The awareness of consultancies is significant for use of management consultancies as well, although, in this model the awareness variable did not explain as much as in the model for use of management knowledge. Consulting interventions are long term relationships and for that reason the respondents are more likely to stick with the ones they know and not shop around as much.

#### **4.5.3 Model use of American management consultancies**

Table 4.10 shows the results of the regression analysis of H2.3.1A, H2.3.2A and H2.3.3A.

**Table 4.10** Regression coefficients for use of American consultancies.

	N= 22
Constant	-5.782 (1.984)
Specific or general experience	.434 1.646 (.612)
R2 adjusted 1 variable	.146
Awareness of management consultancies	.486 .546 (1.79)
R2 adjusted 2 variables	.395
International knowledge and experience	.333 .656 (.316)
R2 adjusted 3 variables	0.485

Note: First listing in table for each variable is standardized regression coefficients (beta).  
Second listing is unstandardized coefficient.  
Third listing, in parentheses, is error of estimate.  
p = <.05.

The model explains 48.5 % of the use of American management consultancies and all the variables are significant. The explanatory degree of specific or general experience (14.6 %) and awareness of consultancies (24.9 %) are higher and the effects of the variables are stronger for both variables in this model compared to the model for all management consultancies. International knowledge and experience has a positive and moderate effect on the dependent variable.

### **Results of H2.3.1A, H2.3.2A and H2.3.3A**

**H2.3.1A:** Industry specific experience or general experience affects use of American management consultancies.

**H2.3.2A:** The awareness of management consultancies affects the use of American management consultancies.

**H2.3.3A:** International knowledge and experience affects on the use of American management consultancies.

H2.3.1A, H2.3.2A and H2.3.3A are confirmed. The use of American is not explained by rational motives or symbolic motives. The industry specific experience or general experience explains 14.6 % of the model and indicates that the American management consultancies are either chosen because of their general or specific industry experience. The consulting service supply and knowledge production comes from consulting interventions, and the large consultancies have created a greater platform than the smaller domestic ones. The surveyed sample consisted of large corporations that demand both types of experience. Kipping et al (2003) stressed how the large American actors benefit from economies of scale and can promote themselves and their services frequently and through many different channels. This is probably a reason for the American consciousness and dominance, and it has a clear effect of the consumption of American management consulting services. The third variable in the model features international knowledge and experience which also reflects the composition of the surveyed sample. More than half the responding organizations operate abroad and others are probably considering international expansion.

#### 4.5.4 Model use of Norwegian management consultancies

Table 4.11 shows the results of the regression analysis of H2.3.1N.

**Table 4.11** Regression coefficients for use of Norwegian consultancies

	N= 22
Constant	-2.707 (1.576)
Previous results from own experience	.492 1.110 (.439)
R2 adjusted 1 variable	.205

Note: First listing in table for each variable is standardized regression coefficients (beta).

Second listing is unstandardized coefficient.

Third listing, in parentheses, is error of estimate.

p = <.05.

The previous results explain 20.5 % of the use of Norwegian consultancies and are significant.

The beta value has a positive effect of .492 on the dependent variable.

## **Result of H2.3.1N**

**H2.3.1N:** Previous results from own experience affects use of Norwegian management consultancies.

H2.3.1N is confirmed. The use of Norwegian management consultancies seem to be explained by rational motives. Though, the single variable, previous results from own experience, explained more than index 7: rational motives, and indicates that the use of local actors is mostly based on previous experience.

## **4.6 Main results**

The examination of primary and secondary data and testing confirmed all my hypotheses and strengthened my propositions. The American management knowledge and consultancies dominate the field. The domination was confirmed through the structural market analysis and the testing of recognition and consumption of American management knowledge and consultancies. The demand and motivations behind choosing American knowledge was driven by symbolic motives, cost of implementation and awareness of management knowledge. The use of consultancies seemed to be motivated by rational motives, specific or general industry experience and awareness of consultancies. The motives of the use of the American actors tended to be more of a symbolic character than use of Norwegian consultancies that was solely based on their previous results.

## **Chapter 5: Conclusion**

The aim of this thesis has been to investigate why Norwegian organizations select American management knowledge and consultancies instead of local knowledge and consultancies. My propositions were based on the assumptions that the field of consultancy was dominated by American actors and management knowledge. P1 and P2 stated that the adoption of American management knowledge was considered to be more legitimate than local management knowledge and even more legitimate if acquired through American actors. The analyses confirmed my operational hypotheses about the American domination in the consumption of management knowledge and carriers. The American management knowledge is most used and recognized, and so are the American consultancies. Does that in itself prove that adoption of American management knowledge through consultancies is the most legitimate? Do rational or symbolic motives reveal if an organization is pursuing legitimacy strategically or that it is determined by its field? The challenge is again, as in many studies, the distance between interpretation of theoretical concepts and every day terminology. People in organizations do not use the same terminology as organizational theorists and they need to be studied accordingly. In this chapter I will discuss the results of my findings, explain what the findings measure, weigh the findings against theory, propose theoretical implications and conclude.

### ***5.1 Consequences of the results***

The results of my analysis confirm that American management knowledge is diffused by American and domestic consultancies as stated in H1.1. Popular management ideas such as CRM, HRM and ERP are offered by all of the consultancies in one form or the other. H1.2 was confirmed and the findings demonstrated that Norwegian firms are quite familiar with American management knowledge and all the respondents except for one had adopted or was considering adopting American structures. The hypotheses display the link between diffusion and consumption or demand of management knowledge as portrayed in management fashion theory. The results confirmed that the adoption of management knowledge was driven by symbolic motives as stated in H1.3.1b. The reputation of the concept's success and originator appears to

form the basis of willingness for adoption. The cost of implementation (H1.3.2) and effect it has on the working environment (part of index 6: symbolic motives) were considered important and reflect rational behavior. The respondents indicated that adoption of structures had to be in accord compatible with their existing corporate culture. However, the focus on organizational identity often creates internal inertia against change and incorporation of new structures, which makes the adoption inefficient. The awareness of management knowledge affected the consumption rate and H1.3.3 was confirmed.

**Table 5.1 Summary of results management knowledge**

		Confirmed	Rejected
<b>H1.1:</b>	American management knowledge is carried by American and domestic consultancies in the Norwegian market.	x	
<b>H1.2:</b>	American management knowledge is known and used by Norwegian organizations.	x	
<b>H1.3.1a:</b>	Rational motives affect the use of management knowledge.		X
<b>H1.3.1b:</b>	Symbolic motives affect the use of management knowledge.	x	
<b>H1.3.2:</b>	The cost of implementation affects the use of management knowledge.	x	
<b>H1.3.3:</b>	The awareness of management knowledge affects the use of management knowledge.	x	

The results concerning management consultancies confirmed the American dominance in the market, as stated in H2.1. The revenues of the two leading American consultancies equal 40% of the revenues of the largest 20 consultancies. The recognition of the American consultancies was significantly higher compared to the Norwegian actors. However, the use of consultancies was more dispersed. This finding is supported by previous literature which stated that the client/consultant relationship is close and long lasting (Werr 2002). The respondents seek intervention from American consultancies more than from Norwegian ones, which confirms H2.2. The motives behind the use of consultancies were very result oriented and H2.3.1a was confirmed. On the other hand, the American consultancies were employed on the basis of their international knowledge, experience and their expertise as generalists or specialist (H2.3.1A and H2.3.3A). Use of Norwegian consultancies was purely based on the respondent's previous results with the consultancy (H2.3.1N). The awareness of consultancies affected use of all consultancies, especially the use of American consultancies as stated in H2.3.3 and H2.3.2A. The American consultancies are exposed through different channels and use larger amounts on marketing. Their reputation travels far and becomes a part of the public consultancy discourse.

**Table 5.2 Summary of results management consultancies**

	Confirmed	Rejected
<b>H2.1:</b> American consultancies dominate the Norwegian market.	x	
<b>H2.2:</b> American consultancies are most known and used by Norwegian organizations.	x	
<b>H2.3.1a:</b> Rational motives affect the use of management consultancies.	x	
<b>H2.3.2b:</b> Symbolic motives affect the use of management consultancies.		x
<b>H2.3.2:</b> Industry specific experience or general experience affects the use of management consultancies.	x	
<b>H2.3.3:</b> The awareness of management consultancies affects the use of management consultancies.	x	
<b>H2.3.1A:</b> Industry specific experience or general experience affects use of American management consultancies.	x	
<b>H2.3.2A:</b> The awareness of management consultancies affects the use of American management consultancies.	x	
<b>H2.3.3A:</b> International knowledge and experience affects on the use of American management consultancies.	x	
<b>H2.3.1N:</b> Previous results from own experience affects use of Norwegian management consultancies.	x	

## **5.2 Rational or symbolic motives**

Røvik (1998) emphasizes the complex double logic that has to be considered when studying organizational behaviour. Management knowledge can appear to be adopted to solve efficiency issues, but actually only represents the symbol of efficiency. The main goal is to gain or maintain legitimacy, either through actual reformation or just by establishing a facade. Another important perspective is how the organization perceives itself. Brunsson (2002) argues that organizations strive to be efficient, but environmental pressures can force them to downplay efficiency and pursue more symbolic and socially accepted goals. Organizations behave contradictorily without noticing it themselves. The model that tested use of management knowledge indicated that the choice was steered by symbolic motives compared to the model that tested the use of consultancies, which favoured rational motives. The ongoing challenge is still to identify the actual difference between symbolic and rational motives as well as determine if management knowledge is a part of the consulting intervention or if one can separate the two. All the reasons for adopting and acquiring management knowledge and consulting are more or less founded on

rational motives. The difference between pure rational motives and symbolic motives are difficult to measure because few organizations will admit that they are contradictory or copy cats and they conceal their real operations. They need to show and tell a certain story to be legitimate. The models indicate the motives the surveyed organizations wanted to project and the self perception they want to project to the environment.

### ***5.3 The measure of legitimacy***

Organizational theory, either from the selection or adaptation or soft or hard environment perspective, unites around the importance of organizational legitimacy. You and I and the rest of organizational environment play a part in determining organizations' survival. Legitimate organizations survive because they meet our socially constituted set of criteria. My sample consisted of the largest corporations in Norway. Almost all of them are publicly renowned and are cornerstones in the Norwegian economy. Many of these organizations have survived in their fields either by adapting to or have been selected by their environments. My survey investigated what they do to sustain their positions through the adoption of management knowledge. The results indicated that all but one of the surveyed organizations used or had used one of the ten fashionable management concepts. However, to differentiate between the organizations who adopted them for control of the legitimation process or the ones who adopted them over time is harder. My attempt to separate these different outlooks was by testing rational and symbolic motives. The results indicated that management knowledge was adopted for symbolic motives, therefore signifying more institutional pressures. On the other hand, the consulting services were chosen based on rational motives, indicating that the consciousness of the adopting process was present. When taking the whole consulting intervention into account, implying that the consulting intervention includes the management knowledge and the consulting services, one can understand the first step of the adoption process as symbolic and the second step as rational. An organization must adapt to its environment when institutional forces call for adoption of a new structure. Nevertheless, the organization turns over to a more rational mode when wanting to adapt as smoothly as possible and with as little resistance as possible. The second step of the adoption process is then to choose an actor who has experience and results to show for. In consulting, the American actors seem to be perceived as the most experienced and can portray promising results.

My empirical data favours the latter explanation; though my sample only represents centrally located and large corporations which generally employ the international consultancies according to the geographical location and client size class matrix (Kipping et al. 2003).

As emphasized throughout the thesis, the field of consultancy is ambiguous and results are downplayed or at least only superior results are highlighted and the failures are made quiet. Røvik (1998) argues that the results from adopting a new structure are hard to measure and they are hardly based on any substantial facts, hence, it is hard to claim that ones decisions were based on rational incentives. The consultancies play on rational logic. The American management consultancies managed to penetrate the Norwegian market and retrieved a dominant position. The effect of the dominance itself, has over time given the American actors a legitimizing function. Use of American consultancies gives more symbolic value than use of local actors. The recognition and use of the Norwegian actors were significantly lower than the American actors. The model for use of Norwegian consultancies indicated that use of Norwegian actors were purely based on the respondents own previous experience with the consultancy. The respondents relied on actual experience than the reputable diffused experience. The use of American consultancies was based on matters concerning their reputation, such as specific or general experience, awareness of the consultancies and international knowledge and experience.

#### ***5.4 Theory and practice***

The methodology in this thesis was confined by time and resources limitations. The interpretations of my analysis indicate that organizations want to be perceived as rational actors, but that they incorporate structures that have become institutional standards. The results do raise validity and reliability matters, as mentioned before. The sample only represented large centralized corporations, so the consumption of management knowledge and consulting services for SMEs and peripheral located organizations were not examined. The sample consists of organizations that most likely had adopted and used management knowledge and consultancies. However, they are also the organizations that face the strongest environmental pressures do to their size and recognition which promotes the notion of strategic legitimacy. On the other hand,

some of them represent the most enduring organizations in Norway and are considered to be institutionalized, which makes them authoritative actors that are part of defining legitimacy.

## **5.5 Theoretical implications**

Norwegian organizations seem to follow the trend of consultancy fields in other medium and high intensity countries. The findings in this thesis indicate American dominance and that Kipping et al.'s (2003) geographical location and client size class matrix fits the Norwegian market. Nevertheless, one of the most intriguing matters that I discovered was the organizational need for emphasizing individuality. When analysing the open answer field from my survey, many respondents went out of their way to emphasize that they did things their own way, despite the fact that they had adopted similar structures. The detection of the need for announcing individuality could imply rational behaviour or at least the desire to be perceived as rational.

My findings seem to favour an intended form of translation. The adoption process of a new structure causes intended or unintended translation of the structure. The structure has to match the existing structures of the organization and is modified thereafter (Røvik 1998). The respondents claimed that general standards or structures had to be modified or redesigned to meet their individual needs. However, modifications of structures are bound to happen during implementation with or without intent because all organizations are different in some way. Another aspect is the communication about the new structure by the consultancy. Consultancies diffuse institutional standards, but they claim that each consulting intervention is unique and calls for different solutions. This predicament is hard to measure considering the secrecy in the field. One would have to examine several consulting interventions closely over time.

## **5.6 Conclusions**

The distance between theoretical definitions and practical ways of running an organization has become greater over the decades. When the field of consultancy emerged, the consulting services were based on management knowledge that improved shop floor management which gave

substantial and quantitative results. Nowadays, the results are ambiguous and the field is overflowing with actors who promote stakeholder management tools. Organizational environments are becoming more and more institutionalized and the demand for the correct representation is stronger than ever. Organizations claim to be rational and take individual stands in their decisions, though they actually behave mimetically or submit to the pressures in the field. The findings in this thesis highlight the complex double logic of organizations. They want to be legitimate and rational. Nevertheless, they use symbols to portray legitimate structures, rational behavior and individuality.

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## Appendices

## Appendix 1: Survey

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### Bakgrunns spørsmål

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1. Hvilken geografisk utstrekning har virksomheten? (kryss av for en eller flere)

- Nord
- Midt
- Vest
- Øst
- Sør
- Utlandet

2. Er virksomheten i

- Offentlig sektor
- Privat sektor

3. Bransjeinndeling: (kryss av for en eller flere)

- Bank, Finans, Forsikring
- Forskning, Utvikling
- Helse, Sosial
- Hotell, Restaurant, Storhusholding
- Håndverk, Bygg - og anlegg, Mekanikk
- Industri, Produksjon
- IT, Telekommunikasjon, Internett
- Jordbruk, Skogbruk, Jakt, Fisk
- Media, Informasjon, PR
- Offentlige tjenester, Forvaltning
- Olje, Gass Off-, Onshore, Maritim
- Transport, Logistikk, Lager
- Reiseliv
- Varehandel

I denne undersøkelsen vil betegnelsen konsultantselskap og tjenester omhandle salg av strategiske, forretningsutviklende og rådgivende tjenester. Det vil si rene revisjons- og it-tjenester faller utenfor betegnelsen.

4. Har virksomheten benyttet seg av konsulent tjenester de siste 10 årene?

- Ja
- Nei

5. Benytter virksomheten seg per dags dato av konsulent tjenester?

- Ja
- Nei

6. Vurderer virksomheten å benytte seg av konsulent tjenester i løpet av 2006?

- Ja
- Nei

De neste spørsmålene tar for seg vurderinger rundt valg av ledelsesmetoder og verktøy.

7. I hvilken grad betrakter virksomheten de neden fornevnte faktorene når det gjelder valg av ledelsesmetoder og verktøy?

	Ikke i det hele tatt	I liten grad	I noen grad	I høy grad
Kostnadene rundt innføringen av en ny metode	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resultatene metoden er kjent for å kunne oppnå	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden vil øke lønnsomheten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden vil være kostnadsbesparende	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden øker produktiviteten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden passer overens med tidligere innførte metoder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden gjør det lettere å samarbeide med leverandører	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interne analyser peker mot innføring av metoden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden er anbefalt av eksterne rådgivere	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden passer sammen med metodene til virksomhetens interessenter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Andre kjente aktører har hatt suksess med metoden i andre land	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hvem som står bak metoden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Metoden er anerkjent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Hvilke påstander er virksomheten helt enig, delvis enig, verken enig eller uenig, delvis uenig eller helt uenig i når det gjelder ledelsesmetoder og konsepter?

	Helt enig	Delvis enig	Verken enig eller uenig	Delvis uenig	Helt uenig
Det er nødvendig å innføre nye ledelsesmetoder og verktøy for å være konkurransedyktig.	<input type="checkbox"/>				
Det er nødvendig å innføre nye ledelsesmetoder og verktøy for å være fremtidsrettet.	<input type="checkbox"/>				
Det er nødvendig å innføre nye ledelsesmetoder og verktøy for å effektivisere virksomheten.	<input type="checkbox"/>				
Ledelsesmetoder og verktøy øker produktiviteten.	<input type="checkbox"/>				
Ledelsesmetoder og verktøy hjelper å kutte kostnader.	<input type="checkbox"/>				
Ledelsesmetoder og verktøy hjelper å klargjøre medarbeidernes arbeidsoppgaver.	<input type="checkbox"/>				
Globalisering er en av årsakene til at virksomheter må innføre lignende ledelsesmetoder og verktøy	<input type="checkbox"/>				

9. Hvilke andre betraktninger vurderer virksomheten deres før dere velger å innføre en ny metode?

De neste spørsmålene tar for seg kjennskap til et utvalg ledelsesmetoder og verktøy.

10. Kjenner dere til følgende konsept:

- CRM (Customer Relationship Management)
- HRM (Human Resource Management)
- Kunnskapsledelse (Knowledge Management)
- Kvalitetsledelse (TQM-Total Quality Management)
- Benchmarking
- Balanced scorecard
- Teammodellen (teams)
- Prosjektledelse (cross-functional project)
- ERP (Enterprise Resource Planning)
- Samfunnsansvar (CSR – Corporate Social Responsibility)

11. Hvilke andre konsept kjenner virksomheten til?

12. Hvilke metoder har virksomheten benyttet seg av?

- CRM (Customer Relationship Management)
- HRM (Human Resource Management)
- Kunnskapsledelse (Knowledge Management)
- Kvalitetsledelse (TQM-Total Quality Management)
- Benchmarking
- Balanced scorecard
- Teammodellen (teams)

- Prosjektledelse (cross-functional project)
- ERP (Enterprise Resource Planning)
- Samfunnsansvar (CSR – Corporate Social Responsibility)

13. Hvilke andre metoder har virksomheten benyttet seg av?

14. Hvilke metoder benytter virksomheten seg av per dags dato?

- CRM (Customer Relationship Management)
- HRM (Human Resource Management)
- Kunnskapsledelse (Knowledge Management)
- Kvalitetsledelse (TQM-Total Quality Management)
- Benchmarking
- Balanced scorecard
- Teammodellen (teams)
- Prosjektledelse (cross-functional project)
- ERP (Enterprise Resource Planning)
- Samfunnsansvar (CSR – Corporate Social Responsibility)

15. Hvilke andre metoder benytter virksomheten seg av per dags dato?

16. Hvilke metoder vurderer virksomheten å benytte seg av i løpet av 2006?

- CRM (Customer Relationship Management)
- HRM (Human Resource Management)
- Kunnskapsledelse (Knowledge Management)
- Kvalitetsledelse (TQM-Total Quality Management)
- Benchmarking
- Balanced scorecard
- Teammodellen (teams)
- Prosjektledelse (cross-functional project)
- ERP (Enterprise Resource Planning)
- Samfunnsansvar (CSR – Corporate Social Responsibility)

17. Hvilke andre metoder vurderer virksomheten å benytte seg av i løpet av 2006?

De neste spørsmålene tar for seg vurderinger rundt valg konsulentselskap og tjenester.

18. I hvilken grad betrakter virksomheten de neden fornevnte faktorene når gjelder valg av konsulenttjenester?

	Ikke i det hele tatt	I liten grad	I noen grad	I høy grad
Størrelse på honoraret til konsulentene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resultatene konsulentselskapet har oppnådd hos virksomheten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resultatene konsulentselskapet har oppnådd hos andre kunder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Konsulentselskapet selger unike tjenester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Konsulentselskapet er anbefalt av eksterne parter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lokal kunnskap og erfaring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bransjekunnskap og erfaring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internasjonal kunnskap og erfaring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Konsulentselskapet kjenner virksomheten fra tidligere samarbeid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leverandører benytter seg av samme konsulentselskap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beslutningstakerne av valg av konsulentselskapene har personlige relasjoner til konsulentselskapet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Virksomhetens interessenter benytter seg av samme selskap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Andre kjente aktører har hatt suksess med konsulentselskapet i andre land	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Konsulentselskapet er anerkjent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. Hvilke andre betraktninger vurderer virksomheten deres før dere velger konsulentselskap?

20. Hvilke påstander er virksomheten helt enig, delvis enig, verken enig eller uenig, delvis uenig eller helt uenig i?

	Helt enig	Delvis enig	Verken enig eller uenig	Delvis uenig	Helt uenig
Det er fordelaktig å samarbeide med et konsulentselskap som er fremtidrettet.	<input type="checkbox"/>				
Det er fordelaktig å samarbeide med et konsulentselskap som øker virksomhetens produktivitet.	<input type="checkbox"/>				
Det er fordelaktig å samarbeide med et konsulentselskap som hjelper å kutte virksomhetens kostnader.	<input type="checkbox"/>				
Det er fordelaktig å samarbeide med et konsulentselskap som forstår bedriftskulturen.	<input type="checkbox"/>				
Det er fordelaktig å samarbeide med innovative konsulentselskaper	<input type="checkbox"/>				
Det er fordelaktig å samarbeide med rimelige konsulentselskaper	<input type="checkbox"/>				

21. Kryss av hva virksomheten betrakter som avgjørende når det gjelder samarbeid med konsulentselskaper.

Det er avgjørende at konsulentselskapet er:	<input type="checkbox"/> Stort	<input type="checkbox"/> Lite
Det er avgjørende at konsulentselskapet er	<input type="checkbox"/> Internasjonale	<input type="checkbox"/> Nasjonale
Det er avgjørende at konsulentselskapet har:	<input type="checkbox"/> Generell erfaring fra flere bransjer	<input type="checkbox"/> Spesifikk bransjekunnskap
Det er avgjørende at konsulentselskapet har:	<input type="checkbox"/> Internasjonal erfaring	<input type="checkbox"/> Nasjonal erfaring
Det er avgjørende at konsulentselskapet kjenner til:	<input type="checkbox"/> Internasjonale forhold	<input type="checkbox"/> Lokale forhold
Det er avgjørende at konsulentselskapet kjenner til:	<input type="checkbox"/> Innovative metoder	<input type="checkbox"/> Bedriftskulturen
Det er avgjørende at konsulentselskapet:	<input type="checkbox"/> Er kostnadsbesparende	<input type="checkbox"/> Øker produktiviteten

De neste spørsmålene tar for seg kjennskap til et utvalg konsulentselskap

---

22. Kjenner dere til følgende konsulentselskaper:

- Accenture
- Arkwright
- A.T. Kearney
- Bedriftskompetanse
- Bekk Consulting
- Boston Consulting Group
- Capgemini
- Deloitte Consulting
- DNV Consulting
- Dovre International
- Ernst & Young Advisory
- Gartner Norge
- Hartmark Consulting
- Mark Up Consulting
- McKinsey & Company
- PA Consulting Group
- Right Management Consultants
- Steria
- Xlent

23. Hvilke andre selskaper kjenner virksomheten til?

24. Hvilke selskap har virksomheten kjøpt tjenester fra?

- Accenture
- Arkwright
- A.T. Kearney
- Bedriftskompetanse
- Bekk Consulting
- Boston Consulting Group
- Capgemini
- Deloitte Consulting
- DNV Consulting
- Dovre International
- Ernst & Young Advisory
- Gartner Norge
- Hartmark Consulting
- Mark Up Consulting
- McKinsey & Company
- PA Consulting Group
- Right Management Consultants
- Steria
- Xlent

25. Hvilke andre selskaper har virksomheten kjøpt konsulenttenester fra?

- Accenture
- Arkwright
- A.T. Kearney
- Bedriftskompetanse
- Bekk Consulting
- Boston Consulting Group
- Capgemini
- Deloitte Consulting
- DNV Consulting
- Dovre International
- Ernst & Young Advisory
- Gartner Norge
- Hartmark Consulting
- Mark Up Consulting
- McKinsey & Company
- PA Consulting Group
- Right Management Consultants
- Steria
- Xlent

26. Hvilke andre selskap kjøper virksomheten tjenester fra per dags dato?

27. Hvilke selskap vurderer virksomheten å kjøpe tjenester i løpet av 2006?

- Accenture
- Arkwright
- A.T. Kearney
- Bedriftskompetanse
- Bekk Consulting
- Boston Consulting Group
- Capgemini
- Deloitte Consulting
- DNV Consulting
- Dovre International
- Ernst & Young Advisory
- Gartner Norge
- Hartmark Consulting
- Mark Up Consulting
- McKinsey & Company
- PA Consulting Group
- Right Management Consultants
- Steria
- Xlent

28. Hvilke andre selskap kjøper virksomheten tjenester fra per dags dato?

Takk igjen for deres tid og oppmerksomhet.

---

## **Appendix 2: Sample and background information**

**Table A1.1** List of companies in sample (N = 94)

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Company name

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ABB Holding Hovedkontor  
Af Gruppen ASA Konsern  
Aker Yards ASA Konsern  
AL Industrier ASA Hovedkontor  
Apokjeden AS  
Arrow Electronics Norwegian Holdings AS  
AS Cetus  
Atlas Copco AS  
Avinor AS  
Bauda AS Konsern  
Bergenshalvøens Kommunale Kraftselskap AS Hovedkontor  
Bertel O. Steen AS Hovedkontor  
Bonnier Publications International AS  
Cermaq ASA  
Choice Hotels Scandinavia ASA  
Color Group ASA Hovedkontor  
ConocoPhillips Norge Konsern  
Coop Norge AS  
Det Norske Veritas AS  
DnB NOR ASA  
Dyno Nobel Holding ASA  
EDB Business Partner ASA Konsern  
Elkem AS  
Ementor ASA Hovedkontor  
Eni Norge AS  
Expert ASA  
Expert Norge AS  
Felleskjøpet Øst Vest BA Hovedkontor  
Ferd Holding AS  
Fjord Seafood ASA  
Fjordkraft AS  
FMC Technologies AS  
Fokus Bank ASA Hovedkontor  
Frank Mohn AS  
Gilde Norsk Kjøtt BA  
Gjensidige Forsikring  
Hafslund ASA Hovedkontor  
Helse Midt-Norge RHF  
Helse Nord RHF  
Helse Sør RHF  
Helse Vest RHF  
Helse Øst RHF  
International Business Machines AS Hovedkontor  
Joh Johannson AS

Jotun AS Hovedkontor  
Kommunal Landspensjonskasse Hovedkontor  
Kongsberg Gruppen ASA Hovedkontor  
Kraft Foods AS  
Leif Høegh & Co. AS  
Lerøy Seafood Group ASA  
Løvenskiold-Vækerø AS Hovedkontor  
Moelven Industrier ASA Hovedkontor  
MøllerGruppen AS  
National Oilwell Norway AS  
Netcom ASA  
Nettbuss AS Hovedkontor  
Nexans Norway AS  
Nor Cargo Holding AS  
Nord Pool Spot AS  
Nordea Bank Norge ASA Konsern  
Norges Råfisklag Hovedkontor  
Norges Statsbaner AS  
Norgesgruppen ASA  
Norgros AS  
Norsk Hydro ASA Konsern  
Norsk Rikskringkasting AS Hovedkontor  
Norske Skogindustrier ASA Hovedkontor  
Odfjell ASA Konsern  
Optimera Gruppen AS  
Orkla ASA Hovedkontor  
Pan Fish ASA  
Posten Norge AS  
Prosafe ASA  
Reitangruppen AS  
Rieber & Søn ASA Hovedkontor  
Ringnes AS Hovedkontor  
Schibsted ASA  
Smedvig ASA  
SpareBank 1 Gruppen AS  
Statkraft SF Konsern  
Statnett SF  
Statoil ASA Hovedkontor  
Storebrand ASA Hovedkontor  
Telenor ASA  
The Resource Group Trg AS  
Thon Holding AS  
Tine BA Hovedkontor  
Tinfos AS  
Torvald Klaveness Rederiaksjeselskapet  
Umoe AS  
Varner-Gruppen AS Hovedkontor  
Veidekke ASA Hovedkontor  
Wilh. Wilhelmsen ASA  
Yara International ASA

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Table based on total revenues of consolidated accounts for 2004 published by Økonomisk Litteratur Norge AS

**Table A1.2** Response rates of different sections in the survey

	Sample size	Responses	Response rate
Background information	94	30	39.9 %
Management knowledge	94	26	27.7 %
Management consultancies	94	23	24.4 %

**Table A1.3** Background information

	Number of respondents	Percentage of respondents
Geographical region		
North	15	50 %
Middle	17	56.7 %
West	23	76.7 %
East	18	60 %
South	16	53.3 %
Abroad	16	53.3 %
Sector		
Public	5	16.7 %
Private	25	83.3 %
Industry		
Bank, Finans, Forsikring	6	20 %
Forskning, Utvikling	-	-
Helse, Sosial	3	10 %
Hotell, Restaurant, Storhusholding	-	-
Håndverk, Bygg - og anlegg, Mekanikk	4	13.3 %
Industri, Produksjon	6	20 %
IT, Telekommunikasjon, Internett	2	6.7 %
Jordbruk, Skogbruk, Jakt, Fisk	1	3.3 %
Media, Informasjon, PR	-	-
Offentlige tjenester, Forvaltning	1	3.3 %
Olje, Gass Off-, Onshore, Maritim	5	16.7 %
Transport, Logistikk, Lager	3	10 %
Reiseliv	-	-
Varehandel	3	10 %
Have used of consulting services the past 10 years	29	96.7 %
Are using of consulting services	28	93.3 %
Considering use of consulting services in 2006	28	93.3 %

### ***Appendix 3: Abbreviations management knowledge***

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Management concept	Abbreviation
Customer Relationship Management	CRM
Human Resource Management	HRM
Knowledge Management	KM
Total Quality Management	TQM
Benchmarking	-
Balanced scorecard	BSC
Teams	-
Cross-Functional Project	CFP
Enterprise Resource Planning	ERP
Corporate Social Responsibility	CSR

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## **Appendix 4: List of consultancies' homepages**

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Name of consultancy	Homepage address
A.T. Kearney	<a href="http://www.atkearney.no">http://www.atkearney.no</a>
Accenture	<a href="http://www.accenture.com">http://www.accenture.com</a>
Arkwright	<a href="http://www.arkwrightgroup.com/">http://www.arkwrightgroup.com/</a>
Bedriftskompetanse	<a href="http://www.bedriftskompetanse.no">http://www.bedriftskompetanse.no</a>
Bekk Consulting	<a href="http://www.bekk.no">http://www.bekk.no</a>
Boston Consulting Group	<a href="http://www.bcg.no/home.html">http://www.bcg.no/home.html</a>
Capgemini	<a href="http://www.capgemini.no">http://www.capgemini.no</a>
Davinci Consulting	<a href="http://www.davinci.no">http://www.davinci.no</a>
Deloitte Consulting	<a href="http://www.deloitte.no">http://www.deloitte.no</a>
DNV Consulting	<a href="http://www.dnv.no">http://www.dnv.no</a>
Dovre International	<a href="http://www.dovre.biz">http://www.dovre.biz</a>
Ernst & Young Advisory	<a href="http://www.ey.com/global/content.nsf/Norway/Norway_Home">http://www.ey.com/global/content.nsf/Norway/Norway_Home</a>
Gartner Norge	<a href="http://www.gartner.com">http://www.gartner.com</a>
Hartmark Consulting	<a href="http://www.hartmark.no">http://www.hartmark.no</a>
MarkUp Consulting	<a href="http://www.markup.no">http://www.markup.no</a>
McKinsey & Company	<a href="http://www.mckinsey.no">http://www.mckinsey.no</a>
PA Consulting Group	<a href="http://www.paconsulting.com">http://www.paconsulting.com</a>
Right Management Consultants	<a href="http://www.right.no">http://www.right.no</a>
Steria	<a href="http://www.steria.no">http://www.steria.no</a>
Xlent	<a href="http://www.xlent.no/strategy/">http://www.xlent.no/strategy/</a>

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## Appendix 5: Index score tables for the dependent variables

**Table A3.1** Score table for index 1: use of management knowledge

Score	Frequency	Valid Percent
0	1	4.2 %
3	2	8.3 %
4	1	4.2 %
5	2	8.3 %
6	1	4.2 %
7	1	4.2 %
8	2	8.3 %
9	1	4.2 %
10	1	4.2 %
11	2	8.3 %
12	1	4.2 %
13	1	4.2 %
15	2	8.3 %
16	2	8.3 %
18	1	4.2 %
19	1	4.2 %
21	1	4.2 %
25	1	4.2 %
Total (N)	24	100%

**Table A3.2** Score table for index 2: use of management all consultancies

Score	Frequency	Valid Percent
0	2	9.1 %
2	2	9.1 %
3	6	27.3 %
4	4	18.2 %
6	2	9.1 %
7	4	18.2 %
10	1	4.5 %
13	1	4.5 %
Total	22	100.0%

**Table A3.3** Score table for index 3: use of management American consultancies

Score	Frequency	Valid Percent
00	4	18.2 %
1	6	27.3 %
2	2	9.1 %
3	3	13.6 %
4	4	18.2 %
5	1	4.5 %
6	2	9.1 %
Total	22	100

**Table A3.4** Score table for index 4: use of management Norwegian consultancies

Score	Frequency	Valid Percent
0	10	45.5 %
1	3	13.6 %
2	4	18.2 %
3	4	18.2 %
4	1	4.5 %
Total	22	100 %

## Appendix 6: Index score tables for the independent variables

**Table A4.1** Score table for index 5: rational motives for management knowledge

Score	Frequency	Valid Percent
7	1	3.3 %
9	4	13.3 %
10	10	33.3 %
11	3	10 %
12	12	40 %
Total (N)	30	100 %

**Table A4.2** Score table for index 6: symbolic motives for management knowledge

Score	Frequency	Valid Percent
7	1	3.3 %
9	6	20 %
10	1	3.3 %
11	4	13.3 %
12	6	20 %
13	6	20 %
14	4	13.3 %
15	1	3.3 %
16	1	3.3 %
Total	30	100%

**Table A4.3** Score table for index 7: rational motives for management consulting

Score	Frequency	Valid Percent
5	1	4.2 %
6	1	4.2 %
8	2	8.3 %
9	5	20.8 %
10	11	45.8 %
11	3	12.5 %
12	1	4.2 %
Total (N)	24	100 %

**Table A4.4** Score table for index 8: symbolic motives for management consulting

Score	Frequency	Valid Percent
3	1	4.2 %
4	1	4.2 %
5	3	12.5 %
6	8	33.3 %
7	5	20.8 %
8	3	12.5 %
9	2	8.3 %
12	1	4.2 %
Total (N)	24	100 %

## Appendix 7: Correlation matrixes

**Table A5.1** Correlations management knowledge model 1

		Management knowledge	Symbolic motives	Rational motives
Management knowledge	Pearson Correlation	1	,353	
	Sig. (2-tailed)	,	,091	-,178
	N	24	24	,406 24
Symbolic motives	Pearson Correlation	,353	1	
	Sig. (2-tailed)	,091	,	-,228
	N	24	30	,225 30
Rational motives	Pearson Correlation	-,178	-,228	1
	Sig. (2-tailed)	,406	,225	,
	N	24	30	,

**Table A5.2** Correlations management knowledge best fit model

		Management knowledge	Symbolic motives	Cost of implementation	Awareness of management knowledge
Management knowledge	Pearson Correlation	1	,353	,310	,419(*)
	Sig. (2-tailed)	,	,091	,140	,041
	N	24	24	24	24
Symbolic motives	Pearson Correlation	,353	1	-,216	-,133
	Sig. (2-tailed)	,091	,	,251	,516
	N	24	30	30	26
Cost of implementation	Pearson Correlation	,310	-,216	1	-,035
	Sig. (2-tailed)	,140	,251	,	,865
	N	24	30	30	26
Awareness of management knowledge	Pearson Correlation	,419(*)	-,133	-,035	1
	Sig. (2-tailed)	,041	,516	,865	,
	N	24	26	26	26

\* Correlation is significant at the 0.05 level (2-tailed).

**Table A5.3** Correlations all management consultancies model 1

		All management consultancies	Rational motives	Symbolic motives
All management consultancies	Pearson Correlation	1	,558(**)	,182
	Sig. (2-tailed)	,	,007	,417
	N	22	22	22
Rational motives	Pearson Correlation	,558(**)	1	,388
	Sig. (2-tailed)	,007	,	,061
	N	22	24	24
Symbolic motives	Pearson Correlation	,182	,388	1
	Sig. (2-tailed)	,417	,061	,
	N	22	24	24

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table A5.4** Correlations all management consultancies best fit model

		All management consultancies	Rational motives	Specific or general experience	Awareness of consultancies
All management consultancies	Pearson Correlation	1	,558(**)	,378	,333
	Sig. (2-tailed)	,	,007	,083	,130
	N	22	22	22	22
Rational motives	Pearson Correlation	,558(**)	1	,102	,098
	Sig. (2-tailed)	,007	,	,645	,656
	N	22	24	23	23
Specific or general experience	Pearson Correlation	,378	,102	1	-,135
	Sig. (2-tailed)	,083	,645	,	,538
	N	22	23	23	23
Awareness of consultancies	Pearson Correlation	,333	,098	-,135	1
	Sig. (2-tailed)	,130	,656	,538	,
	N	22	23	23	23

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table A5.5** Correlations American management consultancies model

		American management consultancies	Specific or general experience	Awareness of consultancies	International knowledge and experience
American management consultancies	Pearson Correlation	1	,432(*)	,454(*)	,453(*)
	Sig. (2-tailed)	,	,045	,034	,034
	N	22	22	22	22
Specific or general experience	Pearson Correlation	,432(*)	1	-,135	,233
	Sig. (2-tailed)	,045	,	,538	,285
	N	22	23	23	23
Awareness of consultancies	Pearson Correlation	,454(*)	-,135	1	,072
	Sig. (2-tailed)	,034	,538	,	,745
	N	22	23	23	23
International knowledge and experience	Pearson Correlation	,453(*)	,233	,072	1
	Sig. (2-tailed)	,034	,285	,745	,
	N	22	23	23	24

\* Correlation is significant at the 0.05 level (2-tailed).

**Table A5.6** Correlations Norwegian management consultancies model

		Norwegian management consultancies	Previous results
Norwegian management consultancies	Pearson Correlation	1	,492(*)
	Sig. (2-tailed)	,	,020
	N	22	22
Previous results	Pearson Correlation	,492(*)	1
	Sig. (2-tailed)	,020	,
	N	22	24

\* Correlation is significant at the 0.05 level (2-tailed).

## ***Appendix 8: Structural market analysis***

### **General market tendencies**

The Norwegian consultancy market suffered a decline as a result of the general economical crisis in the second half of 2002 and 2003. The decline made the competition fierce and the market responded with reduced consulting fees. The buyers emphasized results delivered and the right quality for the right fee. Thus, smaller and medium size consultancies benefited and appeared among the largest 20. In 2004, FEACO forecast slow growth in the market. Furthermore, 2005 proved to be more beneficial for the whole market and the prognosis for 2006 is bright due to the excellent times in the Norwegian economy. All the companies in the consultancy market have recruited heavily and so have there clients. The growth in the business of their clients is the main determinant for the demand of consultancy services. The long-term relationships will probably overcome an increase in fees. Human Resource Management (HRM) and Customer Relationship Management (CRM), both combined with IT systems seemed to be the higher order demand in the prediction for 2004, while the demand for strategic planning was expected to decline (FEACO 2003).

### **Entry and exit barriers**

Entry barriers measure the degree of difficulty for potential competitors to enter the market, as exit barriers measure the degree of difficulty for exiting the market (Caves 1982). The entry barriers of the consultancy are considered to be quite low. In comparison to a goods industry, where heavy investments in machinery and plants are needed, a service industry, like consultancy, is quite reasonable to start up.

The appearance of the international companies started with the accounting firms such as Arthur Andersen in the 50's and PriceWaterhouse in the 60's. Other international companies operated in the Norwegian market, but not through local offices. The big wave of the international consultancies started in the eighties through acquisitions of local consultancies, establishing consulting branches from the accountancy practices and by following the multinational clients. The entry barriers were lowered by using existing companies and clients as bridges.

Spin-offs have appeared in all European markets and prove that the entry barriers are low. Consultants who manage strong relationships with their clients have facile entry through a spin-off. Their most vital assets in a newly formed spin-off are relational capital and its intellectual capital consisting of reputation of former employers and the strength of their brand names (Kipping et al. 2003). Among the Norwegian companies Bekk Consulting, Arkwright, Mark Up seem to be founded by consultants who worked for respectively Andersen Consulting, AT Kearny and Bain and Comp, and are considered as spin-offs. Dovre International seized the opportunity in becoming an oil industry consultancy in the 1980's. As for Bedriftskompetanse, also founded in the early eighties, is a more regional consultancy that reaches out to the SME and has a widespread organization all over Norway. Hartmark Consulting's roots go way back to the 1920's and were acquired by PA Consulting group, but was split out during the 1990's and merged with their a spin-off of their own. DNV Consulting was established through the mother company DNV and exploited the latter's reputation to its advantage.

The next consideration is the scale economy and product differentiation entry barriers. The larger consultancies gain and maintain market position due to their ability to market themselves and their presence in the media. In addition they offer a larger variety of services including specialist

services and have the potency of merges and acquisitions. Smaller firms, like spin-offs, may face challenges in growth due to the competition of larger consultancies. The large consultancies tend to have advantages in recruiting new intellectual capital and developing new knowledge. The spin-offs contribute to the homogenization of the industry by offering the services that their former employer did, and often do not have the capacity to develop new methods (Kipping et al. 2003). In conclusion, the entry barriers are low for spin-offs, but their survival is tested by scale economy and product differentiation barriers to entry.

The exit barriers are low for the consultancy industry considering that there is no major fixed plant equipment.

### **Growth rate**

The last structural consideration is the growth rate of the market demand. FEACO (2004) expected a slow improvement of the market in 2004 filling the capacity of the down turn in from the previous years. On a general note, as mentioned before, the consultancy services are in demand when the general economy is doing well and in growth. The Norwegian economy is booming and many of the larger corporations are looking to expand into foreign markets, and perhaps leave a gap for smaller national organizations to focus their competition on the national market. This outlook will demand consultancy services, both for the international and national consultancies. Market growth also leads to unsaturated market and will welcome more spin-offs or start up of local consultancies (<http://n24.no/arkiv/article1022792.ece>)

### **Indications**

The structural market analysis indicates that the Norwegian market is dominated by international consultancies, especially in terms of revenue and services offered. The revenues of the leading

companies, like Accenture and Capgemini were respectively more than 10 and 7 larger than Bekk Consulting who is considered the largest Norwegian actor in terms of general management consulting. The multinational consultancies have a total income of 2609.2 million NOK compared to the revenue of the Norwegian companies which amounts to 382.5 million NOK among the largest 20 in the market. The figures disregard the revenues of the specialists Steria , DNV Consulting and Dovre International which amounts to 988.2 million NOK. The ratio including all the listed 20 would be 2609.2 to 1370.7, which makes the revenue of the multinational consultancies 1.9 times larger. The ranking does not include large consultancies like Price Waterhouse Coopers and KPMG who are supposedly ranked in the largest 20. The almost all the largest consultancies offer corporate strategy services, and management knowledge like CRM and HRM. These indications, along with the possibilities for spin-offs entering the market, are representative for the northern European markets (Kipping et al. 2003).

## **Appendix 9: Index scores for awareness indexes**

**Table A8.1** Score table for awareness of management knowledge

Score	Frequency	Valid Percent
2	1	3.8 %
3	1	3.8 %
6	3	11.5 %
7	6	23.1 %
8	3	11.5 %
9	6	23.1 %
10	6	23.1 %
Total (N)	26	100 %

**Table A8.2** Score table for awareness of management consultancies

Score	Frequency	Valid Percent
7	1	4.3 %
8	3	13 %
9	4	17.4 %
10	6	26.1 %
11	5	21.7 %
12	2	8.7 %
13	1	4.3 %
14	1	4.3 %
Total (N)	23	100,0

## Appendix 10: Regression summaries

### A10.1 Model use of management knowledge 1

**Table A10.1.1** Model Summary

Model	Variables Entered	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Symbolic motives	,353(a)	,124	,084	6,08209
2	Rational motives	,372(b)	,138	,056	6,17459

**Table A10.1.2** Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	7,452	14,890		,500	,622		
Symbolic motives	,910	,564	,332	1,614	,121	,971	1,030
Rational motives	-,677	1,151	-,121	-,588	,563	,971	1,030

**Table A10.1.3** Descriptive Statistics

		Management knowledge	Symbolic motives	Rational motives	Valid N (listwise)
N	Statistic	24	30	30	24
Minimum	Statistic	,00	7,00	7,00	
Maximum	Statistic	25,00	16,00	12,00	
Mean	Statistic	10,8333	11,7333	10,6667	
	Std. Error	1,2975	,3893	,2413	
Std. Deviation	Statistic	6,35656	2,13240	1,32179	
	Variance	Statistic	40,406	4,547	1,747
Skewness	Statistic	,382	-,244	-,675	
	Std. Error	,472	,427	,427	
Kurtosis	Statistic	-,433	-,438	,159	
	Std. Error	,918	,833	,833	

**Table A10.1.4** Residual Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	7,0487	14,0945	10,8333	2,36549	24
Std. Predicted Value	-1,600	1,379	,000	1,000	24
Standard Error of Predicted Value	1,35903	3,39349	2,13144	,48200	24
Adjusted Predicted Value	6,9286	15,5128	10,7799	2,44571	24
Residual	-10,6500	11,1174	,0000	5,90002	24
Std. Residual	-1,725	1,801	,000	,956	24
Stud. Residual	-1,870	2,155	,004	1,040	24
Deleted Residual	-12,5128	15,9286	,0535	7,02605	24
Stud. Deleted Residual	-1,998	2,383	,013	1,082	24
Mahal. Distance	,156	5,989	1,917	1,341	24
Cook's Distance	,000	,670	,068	,137	24
Centered Leverage Value	,007	,260	,083	,058	24

## A10.2 Model use of management knowledge best fit

Figure A.10.2.1 Model summary

Model	Variables Entered	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Symbolic motives	,353(a)	,124	,084	6,08209
2	Rational motives	,535(b)	,286	,219	5,61932
3	Awareness of management knowledge	,716(c)	,513	,440	4,75715

Figure A10.2.2 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-29,660	9,099		-3,260	,004		
Symbolic motives	1,437	,445	,524	3,229	,004	,924	1,082
Cost of implementation	3,924	1,550	,406	2,532	,020	,946	1,057
Awareness of management knowledge	1,460	,479	,482	3,050	,006	,974	1,027

Figure A10.2.3 Descriptive Statistics

		Management knowledge	Symbolic motives	Cost of implementation	Awareness, management knowledge	Valid N (listwise)
N	Statistic	24	30	30	26	24
Minimum	Statistic	,00	7,00	2	2,00	
Maximum	Statistic	25,00	16,00	4	10,00	
Mean	Statistic	10,8333	11,7333	3,17	7,8077	
	Std. Error	1,2975	,3893	,12	,4077	
Std. Deviation	Statistic	6,35656	2,13240	,648	2,07883	
	Statistic	40,406	4,547	,420	4,322	
Skewness	Statistic	,382	-,244	-,166	-1,228	
	Std. Error	,472	,427	,427	,456	
Kurtosis	Statistic	-,433	-,438	-,502	1,662	
	Std. Error	,918	,833	,833	,887	

Figure A10.2.4 Residual Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-,5724	19,3237	10,8333	4,55270	24
Std. Predicted Value	-2,505	1,865	,000	1,000	24
Standard Error of Predicted Value	1,17092	3,02852	1,87758	,50711	24
Adjusted Predicted Value	-,9072	20,4199	10,9575	4,51991	24
Residual	-7,4758	8,3723	,0000	4,43607	24
Std. Residual	-1,571	1,760	,000	,933	24
Stud. Residual	-1,824	1,841	-,012	1,024	24
Deleted Residual	-10,0697	9,1612	-,1241	5,38981	24
Stud. Deleted Residual	-1,947	1,969	-,013	1,050	24
Mahal. Distance	,435	8,363	2,875	2,161	24
Cook's Distance	,000	,289	,056	,075	24
Centered Leverage Value	,019	,364	,125	,094	24

## A10.3 Model use of all management consultancies 1

**Figure A10.3.1** Model summary

Model	Variables Entered	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Rational motives	,558(a)	,311	,277	2,62001
2	Symbolic motives	,560(b)	,314	,242	2,68289

**Figure A10.3.2** Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-6,596	4,064		-1,623	,121		
Rational motives	1,126	,404	,545	2,788	,012	,944	1,059
Symbolic motives	,109	,401	,053	,271	,789	,944	1,059

**Figure A10.3.3** Descriptive Statistics

		Management knowledge	Rational motives	Symbolic motives	Valid N (listwise)
N	Statistic	22	24	24	22
Minimum	Statistic	,00	5,00	3,00	
Maximum	Statistic	13,00	12,00	12,00	
Mean	Statistic	4,5909	9,4583	6,6250	
	Std. Error	,6568	,3127	,3750	
Std. Deviation	Statistic	3,08080	1,53167	1,83712	
Variance	Statistic	9,491	2,346	3,375	
Skewness	Statistic	1,005	-1,419	,838	
	Std. Error	,491	,472	,472	
Kurtosis	Statistic	1,457	2,793	2,273	
	Std. Error	,953	,918	,918	

**Figure A10.3.4** Residual Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-,4233	6,6572	4,5909	1,72596	22
Std. Predicted Value	-2,905	1,197	,000	1,000	22
Standard Error of Predicted Value	,60055	1,79447	,93459	,33649	22
Adjusted Predicted Value	-3,1946	7,0583	4,4400	2,11988	22
Residual	-3,4227	6,3428	,0000	2,55194	22
Std. Residual	-1,276	2,364	,000	,951	22
Stud. Residual	-1,370	2,546	,024	1,049	22
Deleted Residual	-4,0583	7,3554	,1509	3,14482	22
Stud. Deleted Residual	-1,405	3,053	,054	1,130	22
Mahal. Distance	,098	8,440	1,909	2,210	22
Cook's Distance	,000	,795	,088	,182	22
Centered Leverage Value	,005	,402	,091	,105	22

## A10.4 Model use of all management consultancies best fit

Figure A10.4.1 Model Summary

Model	Variables Entered	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Rational motives	,558(a)	,311	,277	2,62001
2	Specific or general experience	,664(b)	,441	,382	2,42152
3	Awareness of consultancies	,740(c)	,547	,472	2,23892

Figure A10.4.2 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-12,399	4,069		-3,047	,007		
Rational motives	1,049	,330	,508	3,181	,005	,985	1,015
Specific or general experience	2,446	,965	,406	2,536	,021	,980	1,021
Awareness of consultancies	,591	,288	,331	2,056	,055	,968	1,033

Figure A10.4.3 Descriptive Statistics

		American management consultancies	Rational motives	Specific or general experience	Awareness of consultancies	Valid N (listwise)
N	Statistic	22	24	23	23	22
Minimum	Statistic	,00	5,00	,00	7,00	
Maximum	Statistic	13,00	12,00	1,00	14,00	
Mean	Statistic	4,5909	9,4583	,5217	10,1304	
	Std. Error	,6568	,3127	,1065	,3518	
Std. Dev.	Statistic	3,08080	1,53167	,51075	1,68696	
Variance	Statistic	9,491	2,346	,261	2,846	
	Std. Error	,491	,472	,481	,481	
Skewness	Statistic	1,005	-1,419	-,093	,336	
	Std. Error	,491	,472	,481	,481	
Kurtosis	Statistic	1,457	2,793	-2,190	,111	
	Std. Error	,953	,918	,935	,935	

**Figure A10.4.4** Residual Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	,6122	8,8132	4,5909	2,27918	22
Std. Predicted Value	-1,746	1,853	,000	1,000	22
Standard Error of Predicted Value	,68666	1,58337	,92187	,25399	22
Adjusted Predicted Value	-1,7769	9,8521	4,5241	2,54163	22
Residual	-4,4976	4,3201	,0000	2,07284	22
Std. Residual	-2,009	1,930	,000	,926	22
Stud. Residual	-2,177	2,165	,012	1,041	22
Deleted Residual	-5,2819	5,4408	,0668	2,65842	22
Stud. Deleted Residual	-2,465	2,447	,016	1,114	22
Mahal. Distance	1,021	9,548	2,864	2,305	22
Cook's Distance	,000	,569	,078	,136	22
Centered Leverage Value	,049	,455	,136	,110	22

## A10.5 Model use of American consultancies

**Figure A10.5.1** Model Summary

Model	Variables Entered	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Specific or general experience	,432(a)	,186	,146	1,79393
2	Awareness of consultancies	,673(b)	,453	,395	1,50918
3	International knowledge and experience	,747(c)	,558	,485	1,39307

**Figure A10.5.2** Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-5,782	1,984		-2,915	,009		
Specific or general experience	1,646	,612	,434	2,689	,015	,942	1,062
Awareness of consultancies	,546	,179	,486	3,055	,007	,971	1,030
International knowledge and experience	,656	,316	,333	2,073	,053	,953	1,049

**Figure A10.5.3** Descriptive Statistics

		American management consultancies	Specific or general experience	Awareness of consultancies	International knowledge and experience	Valid N (listwise)
N	Statistic	22	23	23	24	22
Minimum	Statistic	,00	,00	7,00	1	
Maximum	Statistic	6,00	1,00	14,00	4	
Mean	Statistic	2,3636	,5217	10,1304	2,75	
	Std. Error	,4138	,1065	,3518	,20	
Std. Dev.	Statistic	1,94068	,51075	1,68696	,989	
	Statistic	3,766	,261	2,846	,978	
Skewness	Statistic	,463	-,093	,336	-,331	
	Std. Error	,491	,481	,481	,472	
Kurtosis	Statistic	-,921	-2,190	,111	-,797	
	Std. Error	,953	,935	,935	,918	

**Figure A10.5.4** Residual Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-,7584	5,4752	2,3636	1,45011	22
Std. Predicted Value	-2,153	2,146	,000	1,000	22
Standard Error of Predicted Value	,42120	,84106	,58200	,12165	22
Adjusted Predicted Value	-1,0579	6,3213	2,3978	1,54275	22
Residual	-2,0814	3,0107	,0000	1,28974	22
Std. Residual	-1,494	2,161	,000	,926	22
Stud. Residual	-1,626	2,287	-,011	1,016	22
Deleted Residual	-2,4658	3,3721	-,0341	1,56050	22
Stud. Deleted Residual	-1,711	2,639	,001	1,065	22
Mahal. Distance	,965	6,700	2,864	1,621	22
Cook's Distance	,000	,253	,053	,061	22
Centered Leverage Value	,046	,319	,136	,077	22

## A10.6 Model use of Norwegian consultancies

Figure A10.6.1 Model Summary

Model	Variables Entered	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Previous results	,492(a)	,242	,205	1,19756

Figure A10.6.2 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-2,707	1,576		-1,718	,101		
Previous results	1,110	,439	,492	2,530	,020	1,000	1,000

Figure A10.6.3 Descriptive Statistics

		Norwegian management consultancies	Previous results	Valid N (listwise)
N	Statistic	22	24	22
Minimum	Statistic	,00	2	
Maximum	Statistic	4,00	4	
Mean	Statistic	1,2273	3,54	
	Std. Error	,2863	,12	
Std. Dev.	Statistic	1,34277	,588	
Variance	Statistic	1,803	,346	
Skewness	Statistic	,583	-,873	
	Std. Error	,491	,472	
Kurtosis	Statistic	-1,088	-,114	
	Std. Error	,953	,918	

Figure A10.6.4 Residual Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-,4878	1,7317	1,2273	,66119	22
Std. Predicted Value	-2,594	,763	,000	1,000	22
Standard Error of Predicted Value	,32394	,72435	,35158	,08421	22
Adjusted Predicted Value	-,7692	1,8684	1,2169	,69902	22
Residual	-1,7317	2,2683	,0000	1,16870	22
Std. Residual	-1,446	1,894	,000	,976	22
Stud. Residual	-1,502	1,967	,004	1,017	22
Deleted Residual	-1,8684	2,4474	,0104	1,26926	22
Stud. Deleted Residual	-1,554	2,135	,004	1,047	22
Mahal. Distance	,582	6,728	,955	1,296	22
Cook's Distance	,002	,153	,043	,041	22
Centered Leverage Value	,028	,320	,045	,062	22