Power and the diffusion of management ideas: The case of McKinsey & Co.

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Abstract

In studies of the diffusion or translation of management ideas, power is frequently implied but is rarely theorised explicitly. Moreover, when it is recognised, the focus is often on only one form of power. This can obscure how different forms of power relate to each-other, shape idea diffusion, and connect to different forms of resistance. Using Lukes' classic framing of power, we explore the activities of a key agent in the diffusion of ideas – management consultancy – and one of the leading players in that field - McKinsey & Co. We draw on diverse, publicly available forms of data on three different management ideas to identify how different forms of power and resistance enable and constrain the diffusion of management ideas. Our study emphasises both the dynamic relations between different forms of power over time and the importance of acknowledging the unintended consequences of power. At the same time, by focusing on power dynamics mostly operating outside of consulting projects, we add to our understanding of the role of consultancy in the diffusion of management ideas more generally.

Key Words

Power; management ideas; diffusion; McKinsey & Co.; management consultancy;

Introduction

In recent years, attention has been given to how management ideas spread and change within and between organisations, sectors and nations (e.g. Birkinshaw et al., 2008). Yet, despite the centrality of power as a concept in social and management studies (Courpasson et al., 2012) and a wide recognition that ideas need power to 'move' and take root, it is still common to see research on management ideas which make no reference to power. Such inattention is evident even in situations where power is otherwise explicit such as when actors appear to impose ideas upon resistant others (van Veen et al., 2011; Fu, 2012; Birkinshaw et al., 2008). Where power is mentioned explicitly, diffusion research tends to adopt a singular, rather than multi-dimensional view. For example, the

most common perspective in management focuses on resource-based conflicts between different actors, where one group, generally management, seeks to implement management innovations, whilst others, often employees, resist (e.g. Delbridge et al., 2007). Whilst such studies reveal the tensions between different groups, their focus on direct conflicts delimits an analysis of the wider, often discursive, forms of power that are also important (e.g. Mueller and Whittle, 2011). Conversely, these approaches often reject research that focuses on more structural or resource-based deployments of power (Kostova and Roth, 2002; Frenkel, 2005). Other approaches, such as actor network accounts, draw attention to power through the associations of networks and the active role of non-human actors (Bloomfield and Best, 1992), especially in the translation of ideas (Whittle and Spicer, 2008). Overall, the effect of singular approaches to power has been ‘to provide a limited and impoverished conceptualization of, power, authority and domination’ (Zald and Lounsbury, 2010: 933).

Accordingly, we seek to explore how *different* forms of power enable and constrain the diffusion of management ideas. To achieve this, we analyse the case of one of the most well-known management consultancy firms - McKinsey & Co. - using Lukes’ (2005; 1974) tripartite framing of power. Drawing on publicly available sources, we show how McKinsey deploys multiple forms of power, but is also substantially resisted, not only by clients, but by a range of agentic, institutional and ideological factors that are rarely considered together. Our study also has a secondary contribution in allowing us to explore how different types of power interrelate dynamically, and how unintended consequences are important in power analyses. We suggest that these insights not only help in understanding the diffusion of management ideas, but add to our understanding of management consultancy, especially in contexts beyond those of the client project (c.f. Nikolova, 2007).

Below, we first show how studies of the spread of management ideas which discuss power tend to do so by focusing on only one form. We then briefly introduce Lukes’ (2005) model in this context and outline how it might be developed and adapted before explaining our selection of consultants and the McKinsey case. We then set out three vignettes of ideas illustrating McKinsey’s involvement in power relations. In our analysis, we show how developing and applying Lukes’ model helps us better understand the spread of, and resistance to, management ideas.

Management ideas and power

In studies of the diffusion or translation of management ideas, power is frequently implied but is rarely theorised explicitly. New management ideas which help shape changes in practices and identities can require considerable political effort but also lead to contestation. For example, in Rogers’ classic text on innovations, a strong theme is that ideas ‘do not sell themselves’ but require

‘opinion leadership’ from those ‘in a system who possess power, status or technical expertise’ (1995: 7, 27). Yet, even in this text, power is barely otherwise mentioned. Of course, power is recognised in the literature, but even in those studies where it is an *explicit* focus, power tends to be seen with a singular emphasis, often as a resource of the person, hierarchical structure, network location or association (e.g. Ibarra, 1993). This pattern is echoed in our specific area of concern - the diffusion of *management* ideas. For example, in one comprehensive review of the management innovation literature (Birkinshaw et al., 2008), power, politics and interests are all but absent from the analysis. Different dimensions of power are sometimes acknowledged. For example, in Sturdy (2004) classification of the diffusion literature in management, he identifies political perspectives as important, such as the attention given to the imposition of ideas, their use for ulterior motives and their shaping of subjectivities. Moreover, in emphasising the lack of engagement between these perspectives, Sturdy also urges consideration of ‘the possibilities for, and desirability of, theoretical integration’ (p. 168).

In framing this literature below, we use the three forms of power detailed by Lukes (1974; 2005). Clearly, there are potentially many approaches to power that we could have used, but the value of Lukes’ model for our purposes is that it explicitly sets out different forms of power and has been subjected to various forms of developmental critique over the years (e.g. Bradshaw, 1976; Edwards, 2006; Hardy and Leiba-O’Sullivan, 1998). Indeed, recent formulations of power in diverse forms often use categories derived explicitly from Lukes’ work (e.g. Fleming and Spicer, 2014). Furthermore, it is one of the few frameworks to have been used to study multiple forms of power explicitly in relation to management innovation (e.g. Swan and Scarbrough, 2005; Ferner et al., 2012; Gordon, 2005).

In the diffusion of management ideas literature, the most common form of power described or implied concerns groups or individuals using *resource-based* power to impose, adapt or resist management ideas. This can be seen in relation to struggles between managers and workers (e.g. Delbridge et al., 2007); multi-nationals and subsidiaries (Kostova and Roth, 2002); or the state, industry and unions (Frenkel, 2005). Resources, such as hierarchical authority, capital and expertise, are used by groups to legitimate and support the imposition of new ideas on others, but also to adapt or translate those ideas. Lukes argues that such ‘resource based power’ is exercised in a direct, largely observable manner: attempting to force groups to act in ways that may be contrary to their espoused interests. Resistance is often equally visible and overt: workers strike, governments refuse bail-outs, populations riot (McCabe et al., 1998). Such conflict will often result in the translation of the proposed change into a local context such that its manifestation becomes a temporary compromise between actors (Czarniawska-Joerges and Sevón, 1996). More generally, Lukes sees resistance as ‘internal to, and so

generated by, power' (2005: 95), but resistance, as we shall see, is by no means inevitable - it is 'only one among many responses' and may coincide with non-resistant practices (2005: 131).

Another form of power is evinced where groups seek to emasculate others, often prior to the implementation of new management practices, so to minimise resistance (e.g. Mazza and Pedersen, 2004). This is witnessed in studies of organisational change where de-unionisation and casualisation are not only implemented as management ideas in themselves, but are also strategies which facilitate the implementation of other ideas by weakening oppositional groups (e.g. Kvaloy and Olsen, 2012). Resistance in this *process* domain is deemed more difficult because it focuses on altering forms of governance, for example by excluding spokespeople and redefining which actors can contribute to decision-making (Harrisson and Laberge, 2002; Greener, 2006). This epitomises Lukes' second form of power which emphasises the marginalisation of dissenting voices or the 'mobilization of bias' in decisions to prevent opportunities for open conflict from arising in the first place (Bachrach and Baratz, 1963).

Processual forms of power might sometimes be more difficult to resist than resource power, but both types risk encountering overt resistance. To overcome this, the powerful might seek to 'shape the perceptions and beliefs of the subordinated so that they accept existing situation[s] and cannot imagine any alternative' (Haran, 2010: 49). This power over *meaning* can change actors' perceptions, both of their interests (through ideology), and their selves (through subjectification) (Fleming and Spicer, 2014). In the realm of management ideas, this is evident through activities such as 'thought leadership' (e.g. research published by consultancies), training, lobbying and advertising (e.g. Starkey and Crane, 2003). Here then, power can be seen not only as 'sovereign' – that is, in a Lukesian sense, as a *possession* of individuals or groups (either individually or collectively) - but also as an (often unintentional) *effect*. Resistance here is not always explicitly oppositional or even evident. Indeed, Lukes downplays resistance in this domain (2005: 131). However, resistance can clearly occur, as workers and decision-makers draw upon, and seek to assert, competing or alternative structures or ideologies (e.g. Thomas, 2005). Indeed, although we are emphasising power exercised by those in formal authority, this need not be the case. Moreover, resistance can also be seen as the exercise of power (Hardy and Leiba-O'Sullivan, 1998) in a relation of negative dialectics – power and control as 'mutually implicative and co-productive' (Mumby, 2005: 3).

This brief elaboration of Lukes helps illustrate the fact that 'prior research has largely neglected how power constellations affect diffusion processes' (Fiss and Zajac, 2004: 507; also, Swan and Scarbrough, 2005: 920), and that where power is examined, it is often from only one perspective. Given that the different forms of power we have outlined above are widely acknowledged in wider

literature (e.g. Fleming and Spicer, 2014), these limitations curtail our understanding of the diffusion of management ideas. In particular, they prompt further exploration of how these different forms of power manifest and interrelate when management ideas diffuse.

Methodology

The limitations of the literature suggest the need for a study in which a variety of forms of power can be explored in relation to management ideas. There are various possibilities, but we focused on one particular agent in this process - management consultancy - which is seen as a key 'generator and distributor of new knowledge' (Thrift, 2005: 35). In particular, its activities are pronounced in relation to promoting the adoption of ideas by others where power is especially visible (Anand et al., 2007). Thus, consultancy serves as an 'extreme' case (Blaikie, 2009). At the same time, it is a sector where research has not systematically examined power in multiple forms, especially not outside the immediate client-consultant project relationship (Nikolova, 2007). Two arguments then persuaded us to focus on one consultancy for our research: first, the value of in-depth case-studies in 'unpicking the complexities of power' (Ferner et al. 2012, p.182) and, second, the ability provide ample breadth without the need for multiple contextual introductions. To this end, we selected McKinsey, because it is, once again, an 'extreme', cited as having had considerable influence across sectors and geographical areas (e.g. McKenna, 2006: 9). It has packaged and disseminated several management innovations such as the Multidivisional organisational form (M-form), corporate culture and process-engineering. More generally, as McDonald argued, 'McKinsey's ability to take an idea and "leverage" it up, using its brand and organizational effectiveness made its consultants far and away the most effective disseminators of ideas via the consulting process' (McDonald, 2013, p289).

In terms of data, the sensitivity of the conceptual focus (power) and context (consulting) combined with our broad empirical coverage led us to use publicly available sources. From inside McKinsey, this included: video footage from their conferences, reports and publications, publicity material, and public statements. Outside McKinsey, our data included: government publications; parliamentary transcripts; newspaper and magazine articles; television documentaries; research reports; request for information responses; court proceedings; blogs and websites from special interest groups; and a number of academic and non-academic histories, biographies and other analyses. The prominence of McKinsey in public sector reforms meant that many documents which, in the private sector would have been confidential, are often legally available for public scrutiny, offering researchers rare insights into a company famed for its secrecy. Overall, the variety of sources helped us piece together

evidence about the company's activities, but we should also stress that this still required considerable cross-referencing and caution.

An additional challenge was the extent to which we would focus on a particular management idea or seek to generalise. We chose an intermediate position of using vignettes. Vignettes are rich stories that help provide substance to an argument and help provide qualitative research with a 'thickness' (Sergi and Hallin, 2011), especially when considering power (Reed, 2012). They are suited to developing conceptual frameworks (e.g. Mantere and Vaara, 2008) and their selective and focused nature is useful in unpacking *how* things happen (e.g. Alvesson and Robertson, 2006). In line with our extreme case approach, we sought vignettes to illustrate a variety of forms of power, ideas and contexts. In each case, cognisant of some of the limitations of document-based data (Silverman, 2000), we tried to secure a range of different sources to limit our vulnerability to undue distortion that might arise from a single source.

We initially explored six vignettes for which we felt there were adequate data. We eventually rejected the *M-form structure* and *corporate culture* because the specific role of McKinsey was difficult to isolate (c.f. Kipping and Westerhuis, 2014). By contrast, a study by Greenpeace (2011) which identified McKinsey as directly linked to deforestation, was deselected because of an insufficient quantity and diversity of sources. Ultimately, we chose one methods-based idea which applied across different sectors - the '*war for talent*' which shaped recruitment practices in large organisations. The next idea – *healthcare privatisation* – was more diffuse, but sector specific. The final idea is not an idea that McKinsey commercialised, however, the very idea of what it is to be a *professional consultant and manager* has been strongly influenced by McKinsey. This highlights the role of consultancy as not just active disseminators of ideas, but as role models for them. Given that this also reveals much about McKinsey and how it operates more generally, we discuss it first and in greater detail, by way of a further consideration of the case.

Our research design combined induction and abduction (Van Maanen et al., 2007). Analysis involved inducing themes about the types and effects of power that the vignettes revealed and comparing these across vignettes to reach generalisations about what 'made a difference'. The next step was to seek a wider explanatory framework from the power literature which helped explain our findings (Danermark, 2002). This abductive and iterative process settled on Lukes as the 'best fit'. Our choice of Lukes as a conceptual framework was based partly on its multi-dimensional form, but it was by no means pre-determined as other models were available. For example, we initially attempted to follow, but subsequently rejected, Hardy and Leiba-O'Sullivan's (1998) amendment of Lukes which adds a fourth, discursive, dimension of power. Our rejection was because their distinction between 'meaning'

and ‘discourse’ appeared confused and incompatible with our data. We also pursued, and rejected, several of our own theoretical modifications, for example, the use of different ‘emergent’ levels as an additional perspective. A final step involved re-examining the vignettes using Lukes and seeking opportunities to develop his framework where we felt it did not fit easily with our findings – especially concerning temporal relations between types of power and unintended consequences.

Vignettes

1: The professional consultant / manager

McKinsey & Co. was founded in 1926 to sell management engineering and accounting advice and techniques, but soon became influential in management *consulting*. The founder, James McKinsey, was President of the American Accounting Association, a Professor at Chicago University, and had published several books on accounting with a managerial emphasis (David et al., 2013). His work establishing McKinsey was significantly extended by Marvin Bower, whom it is claimed, ‘virtually invented top management consulting’ (Edersheim 2010:3).

Given the intangibility of much consulting and the early pursuit of occupational legitimacy, professionalisation is a theme in McKinsey’s history. McKenna for example notes how, mimicking more traditional professions, McKinsey ‘training emphasized professional language, professional metaphors, and professional comportment’ (2006: 204-5). Likewise, David et al. (2013: 369) show how McKinsey and a small number of other firms sought collectively to shape a professional body (the Association of Consulting Management Engineers, ACME) for the emerging industry. In the 1950s, they successfully crafted its code of ethics in an effort to resist alternative ‘high volume, low-cost’ approaches – ‘to keep the scoundrels out’ as Bower said (quoted in McKenna, 2006:213). As ‘professional’ consulting became institutionalised in terms of firm practices and partnership structures - as ‘corporate professionalism’ (Muzio et al., 2011) - the role of the ACME lessened (David et al, 2013). However, the focus on professional identity remains strong at McKinsey, with today’s website for example, exhorting consultants to ‘Behave as professionals - uphold absolute integrity’.

Debate continues as to what constitutes a professional, especially in consulting. This means that seemingly superficial features can be important (Kipping, 2011). This includes dress and appearance, and here, McKinsey is also considered as having been influential in setting the trend for a conservative dress code in the sector. In particular, Edersheim (2010: 71) lists black socks, blue suits and white shirts as well as, for a while, hats. The idea, he claims, was to mimic the dress of the high

status clients they targeted. This was adopted by other leading firms such as IBM, but also consulting companies in post-war USA. Together, they exported to their European consulting counterparts the “McKinsey look of successful young professionals” (Kipping, 1999:215).

The explicit strategy, pursued from the 1950s, of recruiting young, relatively inexperienced, MBA graduates from Harvard and other elite universities also had aesthetic implications and lowered the median age of McKinsey consultants by ten years in a decade (Edersheim, 2010: 79). This was seen as especially innovative and successful such that ‘when copied by McKinsey and Company’s competitors, (it) led to the increasing homogenisation of management consulting in the early 1960s’ (McKenna, 2006:158). Indeed, these images have proved both enduring and popular, reflected in media portrayals such as the television series about consultants, *House of Lies* (Carnahan, 2012).

The ‘professional’ culture at McKinsey is also fostered by human resources policies which promote long hours (up to 100 a week) (Graef and Vale, 1999) and high performance goals. Recruitment, based around partner interviews and the ‘case interview’, seeks out those, not only with strong analytical skills, but also strong rhetorical and communication skills (Armbrüster, 2010). Once recruited, the consultants receive high levels of pay, training, mentoring by partners and continual feedback (Lemann, 1999 : 215). They are also subject to an ‘up-or-out policy, with up to 80% of consultants leaving in the first five years (O’Shea and Madigan, 1997: 261), which not only ensures a steady stream of new recruits, but also a strong alumni network (Smets and Reihlen, 2012). Strong normative controls aim to ensure that the ‘McKinsey mind’ is maintained even after consultants have left (Raisel, 2003), an argument partially supported by the management styles and techniques of ex-McKinsey CEOs who use their methods (Haigh, 2003).

McKinsey’s influence as regards others adopting its own practices does not stop at the consulting sector. The industry itself, and McKinsey in particular, has also been seen as important in shaping client firms and their managers. As McKenna observes:

‘the organization and culture of the leading management consulting firms would exert a powerful influence on large-scale bureaucratic institutions as executives began increasingly to model their organizations after knowledge-based, team-led consultancies’ (2006:195)

Such emulation is achieved through various channels, including MBA case-studies on McKinsey (Bartlett, 1996) and having their approach established as ‘best practice’ by their own literature (see vignette below). More directly, employing former consultants into managerial positions has been used as one way to instil ‘professional consulting’ orientations in non-consultancy organisations (Sturdy and Wright, 2008). Similarly, it was consultancies, especially McKinsey, that led the way for the dominance of the MBA graduate in senior management ranks in the USA and elsewhere. As Kipping

notes: 'McKinsey - and the many other consulting firms which subsequently emulated its policies – did more to strengthen the underlying “elite professionalism” of a new professional class of general managers' (2011:540).

It is, however, important not to overstate the influence of McKinsey on consulting and management. Firstly, there are other traditions of consulting which are not without significance, such as engineering or process consulting in the past, and emerging hybrid forms now (Christensen et al, 2013). Secondly, many of the practices adopted by the firm, such as the 'up or out' policy, recruiting young elite graduates, and even some of the consulting methods used, were taken from elsewhere, notably US law and accounting firms (McKenna, 2006; Bhidé, 1995; Higdon, 1970) and also promoted by other consulting firms (David et al, 2013). In the former case then, McKinsey might be better seen as a recipient or intermediary in a wider process of promoting and adapting professional authority. Thirdly, the model of living for work and the 'firm' has come under scrutiny and resistance from those advocating and pursuing a 'work-life balance' (Whittle, 2008; Topconsultant, 2009). Fourthly, McKinsey's profile sometimes attracts dissent within the sector and among clients. One client, quoted by Higdon (1969:145) in the 1960s stated, 'I got the impression that people at McKinsey were very able people, but they didn't have to keep telling me over and over again'.

2: The War For Talent

McKinsey adopts a 'low leverage – low utilisation' strategy (Maister, 2003) which allows consultants time to undertake 'thought leadership' activities such as best-practice surveys, which are then generated into reports or benchmarking tools for clients (Morris, 2001). One example of this is the 'War for Talent' surveys McKinsey undertook in 1997 and 2000. This work sought to explain how the 'best performing companies' managed their employees in a context of increasing demand for 'excellent' managers. The resulting reports (Chambers et al. 1998; Michaels et al. 2001) were published by *Harvard Business Press*, with whom McKinsey had strong institutional relations, and are replete with rhetorical flourishes (Fincham, 2002): the exultation of 'A-players' and 'leaders', and the use of biblical references suggesting the immorality of the lazy worker. Likewise, a militaristic tone informs many of the passages and evolutionist language celebrates the survival of the 'fit' and urges the rejection of the 'unfit'. These references had resonance with, and contributed to a wider rhetoric concerning war, competition and fighting, which some argue, helped diffusion (Morris and Pinnington, 2002). As such, the *War for Talent* can be interpreted as a reinvention, or translation, of a much older 'hard HRM' or even Taylorist theme that has been in evidence for many decades. The general message in the book is that often young, inexperienced 'A players' should be highly rewarded

and given free rein, whilst ‘C-Players’ should be managed (out) using an ‘iron hand in a velvet glove’ (Michaels et al., 2001: 140). Such rhetoric proved seemingly successful in a wider corporate climate of deregulation, privatisation and flatter organisations. At least, the very phrase ‘war for talent’ entered popular parlance as consultancies, publishers, journalists and business schools incorporated the thinking into their products and publications (see *SciVerse* 1999-2012).

For McKinsey, the reports were useful in generating services such as the ‘forced curve ranking system’ (FCRS). This was borrowed from several companies, including GE, that took a severe approach to ‘poor’ performance and plotted employees’ performance on a bell-curve ‘with the lowly bottom 10% ...being counselled or thrown out of their job’ (Pfeffer and Sutton, 2006: 6). With the support of McKinsey consultants, the FCRS was implemented by the President of Enron Finance, Jeff Skilling (a McKinsey alumnus). As is now well documented, Enron, was replete with McKinsey consultants, projects and alumni (Sparrow and Cooper, 2012). Yet, the FCRS and the ‘talent mind-set’ in which it was embedded (Haigh 2003) were not welcomed by all. They were blamed for developing a culture which promoted a high-risk, money-orientated and aggressive culture which demotivated all but the most ‘successful’ employees (Salter, 2008). Despite the backlash, and the explicit critique of McKinsey’s HR advice (Gladwell, 2002), McKinsey felt no hesitation in announcing in 2008 that ‘the War for Talent never ended’ (Guthridge et al., 2008: 49) and its use and promotion of the term has continued (Beaverstock and Faulconbridge, 2009). Adaptations of the idea persist, such as morphing into a ‘talent crunch’ or ‘shortage’, and it was recently used to argue against the threat of immigration caps in the City of London.

3: Healthcare privatisation

Globally, healthcare consulting accounts for around 12% (\$34bn) of consulting revenue (Kennedy Information, 2010). McKinsey is actively involved in this sector in three interrelated ways. Most conventionally, it carries out consulting projects for local hospitals to global suppliers. Secondly, it runs a number of ‘partnership institutes’ or ‘think-tanks’ such as the McKinsey Hospital Institute (MHI) in the UK. These undertake research, develop client networks and promote ideas and services which are often built around their own ‘products’ (e.g. the ‘MHI Framework’). For example, in the MHI’s Annual Summit for healthcare directors, McKinsey presented a number of strategic recommendations from their research. ‘Based on 139 million data-points’, these argued that ‘winners’ do ‘five things...differently or better than the losers’ - all of which McKinsey has tools to support (Roy, 2013). Thirdly, and our focus here, McKinsey plays a central role in the promotion of a

particular policy position on healthcare - its privatisation and/or deregulation. We now briefly look at an example of this from the National Health Service (NHS) in the UK.

Actively pursued by UK governments, the introduction of competition, private suppliers and 'choice' to the NHS was initiated with support from McKinsey (2009). This involved strategic advice including to 'challenge the principle that the NHS is free at the point of delivery' (McKinsey & Co., 2009), participating in the design of strategy documents, and helping shape legislation (Rose, 2012). In addition, the consultancy advises many of the UK's local healthcare organisations (NHS Trusts), facilitates meetings between private healthcare providers and the government's Department of Health, and received a contract to develop the NHS leadership team (Rose 2012).

Yet it is not McKinsey's involvement with the NHS that has provoked most media attention in the UK, but with Monitor, the regulator of NHS Trusts. McKinsey designed Monitor's organisational structure and audits its plans and performance (Hansard, 2012 13th February). In addition, the Chairman of Monitor, David Becket, was a Director at McKinsey and is just one of many who have moved from McKinsey into government, NHS or Monitor roles or vice versa. In addition, there are 'free' advisors and secondees that McKinsey provides to government departments and influential think-tanks that have pushed the privatisation agenda (Player and Leys, 2012). The press has also noted McKinsey paying for after-dinner speeches, dinners, flights and entertainment for key decision makers in the NHS and Monitor (Duckworth, 2012).

However, there are limits to McKinsey's influence, partly arising from the scrutiny and media attention it attracts. Specific concerns were raised in parliament that 'McKinsey seems to be setting the rules of the game in relation to the Government's health Bill and then benefiting from the outcome' (Hansard, 2012 13th February). Similarly, in a submission to parliament concerning conflicts of interest, *Spinwatch* – a UK non-profit company - has an appendix dedicated to McKinsey. Moreover, the press and media coverage of consultants in the NHS, often McKinsey specifically, has been used by patient groups such as '*False Economy*' and '*Keep our NHS Public*'. Such contestation has continued, leading to the translation of privatisation agendas towards hybrid forms of governance and care.

Power and resistance in the diffusion of management ideas

The vignettes above illustrate some of the management ideas that McKinsey has been involved in shaping and disseminating and how this is pursued, to a large extent, outside specific consulting

projects. In this section, we analyse the forms of power and resistance which underpin these processes using Lukes' framework (see Table 1).

Table 1 McKinsey's power and management ideas

	Resource	Process	Meaning	Resistance
Healthcare privatisation	<p>Networks of clients & politicians for surveys and summits.</p> <p>Financial and human resources to fund Kings Fund, chair summit, analyse data and network.</p>	<p>Revolving doors: government & think tanks.</p> <p>Using inside knowledge to lever work and persuade clients.</p> <p>Using conferences, sponsored talks & networks to gain the 'valuable time' of CEOs and exclude others</p>	<p>Reproducing 'neo-liberal' or positivist ideologies (e.g. '139 million data points').</p> <p>Promotion of 'right wing' healthcare institutes.</p>	<p>Exposure of potential conflicts of interest by press & parliament.</p> <p>Competing providers for strategy work.</p> <p>Rules on revolving doors</p> <p>Alternative ideologies: e.g. public service</p> <p>Translation into hybrid forms of governance</p>
The war for talent and FCRS	<p>Finance for operating McKinsey Global Institute.</p> <p>Time available for research, data analysis, writing and networking.</p> <p>Network access to GE and other clients and with Harvard for book publishing.</p>	<p>Privileged access e.g. Enron.</p>	<p>Rhetoric: evolution, religion, sport, military & performance management.</p> <p>Legitimacy through links with Harvard Business School Press.</p>	<p>Disclosures following Enron collapse.</p> <p>Translation & competing management ideas ('talent crunch')</p> <p>Counter-ideologies: e.g. ethics</p> <p>Public critique (e.g. Gladwell)</p> <p>Reputational damage (Enron)</p>
Professional consultant	<p>Finance for recruitment, training, salaries and 'elite' lifestyle.</p> <p>Rules to enforce dress-codes etc.</p> <p>Network resources to occupy client roles and recruit from 'elite' schools.</p> <p>Time for partner contact and continual assessment.</p> <p>Network to secure credibility by association with elite institutions (e.g. ACME).</p> <p>Skills/knowledge in networking, persuasion and analysis.</p>	<p>Targeted recruitment at universities / MBAs.</p> <p>Gatekeeping and agenda setting of industry body to exclude 'non-professional' firms.</p> <p>Non-participation in individual-, non-firm based professional bodies.</p>	<p>Institutionalisation of 'professional' consulting and 'best practice' through thought leadership, case-studies, books etc.</p> <p>Brand mystique and no advertising create ambiguity.</p> <p>Strong firm culture controls exerted, including norm of 'professional consultant'.</p> <p>Association with high profile brands/symbols (e.g. universities, USA) to construct and legitimate position (e.g. in post-war Europe).</p>	<p>Construction as elitist / arrogant by clients, peers and the press.</p> <p>Singling out of McKinsey by critical politicians, academics and press.</p> <p>Alternative models of consultancy e.g. professional associations and implementation firms.</p> <p>Alternative ideas e.g. work-life balance.</p>

Power of Resources

Taking Lukes' first type of power, McKinsey's various resources provide support for their role in the creation, translation and dissemination of management ideas. Firstly, financial resources enable the low leverage ratios required for research, the salaries for the recruitment of ex-ministers, high quality facilities for NHS meetings, donations to the Conservative Party, payment for speeches, the support of health think-tanks, and the publication of reports. The financial resources of McKinsey also facilitate the recruitment and development of analytically and rhetorically skilled staff who help create products and achieve board-level sales. As others have pointed out (McKenna, 2006; Bock, 2014) these resources are not simply concerned with competence in business operations and sales, but also the 'cultural capital' which generates images of elitism which often attracts clients, recruits and other stakeholders.

A related resource that McKinsey exploits is its networks, developed through board-level projects, alumni contacts and relationships with senior decision-makers. As we saw in the *War for Talent* and the *Healthcare* cases, these also allow McKinsey to gather information from senior decision-makers thereby making their products seem more targeted and their ideas seem more legitimate (Kipping and Westerhuis, 2014). Networks with non-client organisations such as Harvard Business Press add credibility, whilst others, such as those with think-tanks, position McKinsey well to influence client agendas. These social-business networks, whilst founded in part on financial resources, also potentially generate and are fuelled by reputational capital among graduates, clients and the wider public. Thus, McKinsey's association with stakeholders can create an elite image which in turn can impress recruits, clients and competitors (Alvesson and Robertson, 2006; Armbrüster, 2010).

Thus, we can see how financial, network and human resources interrelate with knowledge resources or expertise. The '139 million data points', the access to 'best practice' companies and the inside knowledge of what new policy decisions are being made by governments, all point to a form of expertise or knowledge capital (Braunerhjelm, 2000) which often makes McKinsey attractive to clients (Nikolova, 2007). Yet, McKinsey's resource power is limited in that it does not permit it to impose its ideas on others. Clients and other stakeholders can 'resist' on the basis of competing resources, such as their legitimate authority to choose other advisors (e.g. internal consultants or academics) (Hislop, 2002). Moreover, we can see how some of McKinsey's ideas such as the *war for talent* and the idea of the professional consultant have been translated into different contexts, either as a form of resistance or as an unintended consequence of local implementations (Czarniawska-Joerges and Sevón, 1996).

In a broader sense too, it is important to highlight how McKinsey's resource-based powers, such as those used to implement the 'up or out' policy and the ability to persuade decision-makers, are enabled and constrained by a particular contingent legislative and normative environment. For example, a trend in 'professional' procurement limits the extent to which consultants can actually communicate with (and thereby persuade) decision-makers (Furusten and Werr, 2005). Resistance, seen from this perspective, is the power of legislators and others to change the practices of consultancies. Yet, as we see next, McKinsey also seeks to exert power over these very decision-making processes in order to prevent such activities occurring.

Power of Process

In our vignettes we can point to McKinsey's influence on the decision-making *processes* of potential buyers by excluding competitors. One method of achieving this is to try to ensure that potential clients already have the 'McKinsey Mind' or at least sympathies (Raisel 2003). The 'revolving doors' in the healthcare vignette or the role of Skilling at Enron are good examples of how this bias mobilisation could lean decision-makers towards McKinsey solutions. Such an advantage need not necessarily involve a conscious bias, but might simply be based upon the proximity of McKinsey contacts compared to those of other consultancies (Sturdy et al, 2009).

A more explicit practice might be seen in the NHS vignette, where McKinsey helped draw up policies which influenced future consultancy purchasing decisions. This not only ensures that McKinsey is seen as a source of information on future opportunities (e.g. of sales opportunities to US Healthcare providers), but also positions McKinsey to benefit from future purchases of its own services (Rose, 2012). As others have argued more generally, the very language in which such 'framework' policies are couched can influence the decision regarding which firm is most likely to win (Furusten and Werr, 2005).

Another manifestation of this form of power is the occupation of the 'space' of the decision-maker. Here, the geographic and temporal presence of McKinsey may mean that alternative sources of advice are squeezed out of the field of attention of decision-makers. There are only so many conferences, talks and reports to which senior decision-makers can give their attention. The success of McKinsey in running the MHI Conference for instance, means that other voices are necessarily minimised. This also allows McKinsey to act informally as 'spokesperson' for diverse voices within health, which as Callon and Latour have noted, allows an institutionalisation and legitimation of power relations (Callon, 1986). To take another example, the presence of McKinsey secondees on government boards which have limited membership, helps prevent the access of those that might provide other types of

advice. Similar arguments can be made with regard to the recruitment of consultants from elite universities and business schools with the effect that, not only are other employers effectively excluded, but also other ‘minority’ types of recruit do not come to make up ‘professional’ consulting.

Finally, McKinsey can be seen to influence the process of decision-making by *withholding* participation. For example, we saw how it initially joined forces with other elite firms to exclude and discredit the ‘high volume, low-cost’ approach to consulting (Higdon, 1969). However, having secured its own dominance and that of the professional form of consulting, McKinsey has avoided engagement with professional associations who might offer a competing source of power over ‘best practice’ (David et al, 2013). This withdrawal of support in favour of corporate professionalism has a serious effect on the legitimacy and power of such institutions, for example, undermining attempts at compulsory professional accreditation for consultants (Muzio et al, 2011). Such abstinence has an effect not only on the *idea* of what it is to be a legitimate consultant, but how such ideas are promoted.

As with resources, the exercise of processual power is subject to constraints and resistance. ‘Revolving door’ activity is subject to some formal controls which, in the UK for example, mandate a waiting period between moving from government to private sectors. Moreover, conflicts of interest are often highlighted by the press, documentary makers, ministers and watchdogs (e.g. Graef and Vale, 1999). As we have seen, a more legislative approach has been taken to prevent consulting companies interfering with decision-making through procurement regulations, which partners in consultancies describe as a strategic challenge (O'Mahoney et al., 2008). Moreover, the promotion of the professional model of the consultant through a strategy of abstinence from formal institutions has been resisted through an (ultimately unsuccessful) attempt to have compulsory accreditation of consultants in Germany (Groß, 2004) and by professional associations increasingly extending their individual accreditation to MBAs and firms’ staff. Similarly, McKinsey’s early attempts to exclude and discredit other forms of consulting were only partially successful and new approaches continue to emerge, including those which adapt the McKinsey model (Christensen et al., 2013).

Power of Meaning

The shaping of meaning by McKinsey is more difficult to establish, but is suggested in two ways through the vignettes. The first is a direct and explicit attempt to shape wants by defining problems and suggesting solutions, most explicitly through ‘thought leadership’. This can be seen in the *War for Talent* research and the MHI videos, all of which see McKinsey identifying (or creating) a variety of issues and proffering solutions based upon imitating what other ‘winners’ are doing. Such is the reputation of McKinsey among some clients, publishers and business schools that any activity it

promotes can have mimetic effects. For example, DiMaggio and Powell's (1983) classic work on isomorphism is based on observations of McKinsey interventions being imitated (Armbruster, 2006: 7). Interestingly, the most obvious strategy in shaping meanings in corporate contexts, advertising, is something that McKinsey actively avoids in favour of less direct branding in the form of sponsorship, prizes, *pro-bono* work and publications (McDonald, 2013). Such an approach creates a mystique which is a recognised strategy of 'quality' brands in other sectors (Kapferer and Bastien, 2012) and one which can play an important role in the diffusion of management ideas, especially given the ambiguity over their effectiveness (Giroux, 2006).

A second construction of meaning occurs when McKinsey itself is seen as a manifestation of wider norms or structures. Indeed, the meaning of 'McKinsey', or even 'consultancy' and 'professionalism' for that matter, is as much dependent on wider socio-economic forces as it is on anything that McKinsey might control directly. For example, the diffusion of McKinsey ideas into post-war Europe can be seen in part as due to its association with the USA as a force for modernisation (Kipping, 1999). Similarly, its own adoption of the partnership organisational structure is, in part, because such an approach already had legitimacy among clients (McKenna, 2006). Moreover, the very language that McKinsey uses, strategically or otherwise, fits with wider meanings - not just phrases such as 'talent', 'war', or 'winners', but also the contextualisation of their practices within legitimised military, scientific, biblical, gaming or neo-liberal ideas. This is not surprising given that successful rhetoric depends on a wider resonance (Grint and Case, 1998).

Resistance to the shaping of wants can paradoxically serve to reproduce power relations (Fleming and Spicer 2014). In this context for example, popular critiques of consultancy power and practices can be self-defeating (Sturdy, 2009). The presentation of consultants as lying, manipulative egotists in *House of Lies* or the specification of McKinsey consultants as 'arrogant' can add to their mystique of being all powerful (Fleming and Spicer, 2014). Yet resistance to hegemonic power occurs because McKinsey and its supportive structures are not all powerful. Competing ideas of accountability, bureaucracy and public service continue to be leveraged within the NHS for example. Indeed, McKinsey itself does not have complete control over its own local constructions – for example, it might be expected that the meanings associated with 'McKinsey' in the minds of clients or graduates might be challenged by, or translated through, the criticism it has received in the press or parliament, or indeed through their own experiences of working with the firm.

The temporal relations of power and resistance

Through our vignettes, we have sought to illustrate the effects of different types of power in the diffusion of management ideas in order to address the neglected or singular treatment of power in the extant literature. However, doing so raises new questions concerning, for example, the relationship between the types of power. Lukes acknowledges, but says very little about this (2005: 38-48). Yet, we can begin to identify patterns. For example, in our data, most displays of resource power also entail power over meaning through their symbolic consequences. This is evident in how the use of financial resources to recruit ‘high calibre’ graduates has symbolic and signalling effects on clients (Armbrüster, 2010). Indeed, it is difficult to think of a process or meaning-based exercise of power that does not imply using some of the resources we have outlined. Conversely, it is hard to imagine a resource-based exercise of power concerning idea diffusion that *requires* either a process- or meaning-based exercise of power. Such an argument develops a suggestion by Ferner et al. (2012:166) that ‘the power of meaning is built upon the resource power that derives from the primary economic activity of the firm’. Moreover, some forms of meaning power also require process power. For example, the ability effectively to deploy effective legitimating ideas (meaning) requires a position by which one’s voice is heard (process) and often the use of finances, connections or expertise to achieve such positioning. Yet, the opposite is not so much in evidence. One can think of many examples of process power (for example excluding others from professional associations) which require resource power, but do not *require* (though might create) power over meaning.

To this end, we could posit a model in which there is a major dependency of both process and meaning power on resource power and a (potential) minor dependency in the opposite direction. We could also suggest that this is true for both those exerting power directly and those using power as resistance. So, for example, those who promote alternative approaches or positions, such as accountability in the NHS, require, say, material and network resources, whilst clients who exercise their potential power and just say ‘no’ to McKinsey need little more than (market-based) resource power. However, some caution is needed in claiming hierarchical relationships between power dimensions. For example, while resource power may now provide a basis by which other forms of power may be exerted, and thus reproduced, it does not answer the question of how that power came about in the first place. In 1926, James McKinsey possessed some resource power (money, a network, and expertise), but nothing like that which McKinsey & Co. now deploys, so a claim that resource power underpins all forms of power cannot be sustained temporally. To help undo this knot, we might

propose that agency can (often unexpectedly) create the conditions for potential gains in power in a changing and relatively unpredictable social context¹. In other words, in an open social system, the deployment of any form of power is a contingent and complex gamble which *may* bring, but does not guarantee, a ‘return on investment’. Thus, and following Edwards’ (2006) assessment of Lukes’ revised model, it is important to identify power as operating dynamically within particular temporal contexts and as situationally specific.

The unintended consequences of the exercise of power are discounted by Lukes as not ‘counting’ as power (2005: 53), but are important in our study because acknowledging that an exercise of power (or resistance) need not be predictable (and thus potentially figuring in the calculations of an agent) helps move us away from a conceptualisation of power as sovereign i.e. held by a singular entity. Thus, the collapse of Enron whilst unpredictable and unplanned, did harm to McKinsey’s reputation (Byrne, 2002). Therefore, we would argue, analyses should account for the diffuse and networked forms of power and resistance that are important, if not predictable.

Acknowledging the unpredictable consequences of power and resistance is also important because it highlights how different forms of power can be related: for example, a consultant may draw upon McKinsey’s resource power to implement a project in the NHS, but may not intend for (or think about) this agency to exert process or meaning power that might reproduce neo-liberal ideology. The specification of this unintended and different form of power helps place responsibility on that individual for the implications of their actions. Resistance as reproducing power is a theme in Fleming and Spicer (2014), but a multi-dimensional view of power also allows that successful resistance at one level (e.g. resources) may reproduce a different form of power (e.g. meaning). For example, some forms of resistance (such as this paper perhaps) may accidentally serve to raise the profile of McKinsey as an influential agent, thus rendering it more attractive to some graduates and clients.

Collectively, these points also emphasise the temporal dynamics inherent in power-resistance relations. This concerns first a power-resistance dialectic which can be traced in McKinsey’s responses to resistance against idea diffusion. For example, when clients began pushing back against paying for young, MBA graduates, McKinsey changed its strategy to recruit more experienced, older hires. Second, we can trace the institutionalisation of some effects of power whereby, what was once seen as controversial, for example, the acceptance of consultants in government work, becomes more accepted as resistance fails or has limited effects. This process of institutionalisation appears to involve resource, process and meaning power together: as time passes, the activity becomes less

¹ We are grateful for one of the anonymous reviewers for this point

controversial, thus both legitimating it and de-legitimizing alternatives, whilst at the same time providing additional resources (for example, expertise, revenue or relationships). From this perspective, resistance is not simply a reaction against a current exercise of power, but also against the future institutionalisation of management ideas.

Conclusion

By using an adapted form of Lukes' framework of power to analyse the activities of McKinsey, this paper has sought to show how management idea diffusion and translation are enabled and constrained by the exercise of *different forms* of power. We saw how McKinsey drew upon diverse resources and sought to influence decision-making processes to place their ideas in a preferential position, and shaped the meanings and 'wants' associated with their ideas both directly and indirectly. In addition, forms of resistance and translation were also identified for each idea and framing of power. These illustrations are important in relation to management ideas and knowledge more generally for four reasons. First, they address prior neglect of power, both generally, but especially in a way which moves beyond the singular approach that many studies take. Second, we began to reveal some of the relationships and dynamics between different forms of power, arguing that empirically they can seem diffuse, but that hierarchical and circular relations are possible, but by no means pre-determined. Thirdly, at an empirical level, we have shown that McKinsey - commonly depicted as almost omnipotent - is also significantly constrained, for example, by individual actors (e.g. clients) as well as wider institutions (e.g. competing ideologies and regulation). At the same time, in the context of the literature on consulting and management ideas, our illustrations move the depiction of power beyond that of a simple struggle between consultant and client within the context of specific projects. Fourthly, at a more general level, we have responded to repeated calls to re-engage with issues of power within organisation studies (Spicer et al., 2009; Fournier and Grey, 2000; Prichard and Mir, 2010; Zald and Lounsbury, 2010) and done so in a way which connects to an issue of wider policy relevance – the role of consultants in shaping our lives.

Our analysis, combined with the scope and limitations of our study present various avenues for further research. Our focus on McKinsey used public sources and was selected as an extreme case. This allowed a breadth of coverage, but using primary data might help better establish links between the promotion and adoption of ideas. It could offer additional insights, for example, in considering how strategic the use of power is in the decision-making of key agents. Likewise, studying consultants who are less renowned for their power would provide a counterbalance to our high profile case. In addition, we focused on the consulting industry – a sector which is relatively new, concentrated and

(comparatively) unconstrained by unions, institutions and the law. It would be useful therefore, to see how generalisable our findings are to environments which are more rule bound, such as the public sector and regulated occupations. Finally, we pointed to the possible relationships between types of power and how they might vary according to context - thus larger and comparative studies are also needed, including those which acknowledge international contexts. Likewise, although we have pointed to a wider role of McKinsey in reproducing the ideologies and structures of capitalism such as neo-liberalism, we believe there is more empirical work to be done in contextualising consulting and other agents of management ideas within the wider transnational capitalist context and in detailing practices of resistance at this level (Seabrooke, 2014).

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