Abstract

The role of knowledge during the period 1975-1993 in five areas in one Swedish publishing company is studied. The empirical data is combined with the author’s own practical experience from the company, which was run as a partnership. A theoretical framework based on Michael Polanyi’s epistemology and information theory is developed on a constructivist foundation. By using this framework the empirical data can be said to be focused through a knowledge perspective.
The core process-of-knowing in processing of information was found to be reduction of information, defined as "Infoduction".

Tradition of the processes-of-knowing and indirect transfer of information were found to constitute vital elements in how organising took place.

Two markets, an Information market and a Know-how market, were identified. Both markets were based on infoduction and were interrelated but they were characterised by different customer relationships. The information market could be seen as a market for products characterised by surplus. On the know-how market, the whole process-of-knowing is transferred in an interactive process.

A dichotomy between professional and organisational traditions of knowledge was identified as the most influential. Organising was found to be "non-managed". Power was found to cycle between one of two traditions determining the agenda for discussion.

The strategy was found to be a process that emerged from the professional knowledge tradition. Later, two tracks of expansion emerged so a dual strategic pattern was identified: one based on the professional knowledge tradition and the other on the organisational knowledge tradition.

General implications of the study for other information processing organisations are discussed and further research leading towards a more comprehensive Knowledge Perspective on Organisation is suggested.

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1. INTRODUCTION.

1.1. The "Discovery" of the Knowhow Company.

The research for this thesis begins in 1980. I illustrate the start of the research process with two episodes that happened only a few months after I had joined the company Affärsvärlden as a partner and the new manager in charge of administration. I advise those readers interested in a more comprehensive account of the empirical data to read the separate book, *När Kunskap är Makt* (Sveiby 1994) here called "Book 2".


The cars accelerate up the Kungsgatan street. Their exhausts surge towards the sky, mingle with the January frost and wrap the houses in a blue grey haze. I hear the cars through my window, four floors above them. I can smell them too through the badly isolated and dirty windows. The day is already darkening towards afternoon and I’m sitting in my little office with a crumpled manuscript in my hand.

I’m not feeling well, but it has only little to do with the carbon monoxide - I’m hardly aware of it. It is 1980 and I have been an employee of Affärsvärlden for less than a month and I am seriously pondering over my decision. Did I really make the right choice when I left a secure career with Unilever?

The manuscript is a well written analysis with the title "The Art of Cleaning the Affärsvärlden Office". I have just heard the author in the corridor outside talking to a colleague in the somewhat pompous style he reserves for important messages:

- I have just attended to the Cleaning Issue.

Attended to the "Cleaning Issue"! With my foot! He was the initiator of the "Cleaning Issue" on our partner conference. He came up with the idea to clean up the mess in the office and he drove it with such frenzy that he made me and the others to believe that he would actually clean the office himself. And what was the outcome of his action? An article!

I remember another episode a couple of months later:

I’m standing in front of the overhead projector with a heap of fresh charts. They contain the latest figures about Affärsvärlden. This is an important occasion for me. It is the first time I am about to present the estimated yearly results to my partner colleagues. I have prepared intensely for this. I have made comparisons with last year, the budget and series since 1975 up till this year. I have made an analysis of the market shares of the competition and drawn some informative and beautiful charts in many colours. This is something an ex-Unilever man knows how to do.

But. Nobody arrives.

Yes! Camilla. (Our secretary/receptionist/sales order clerk). I ask her:

- What has happened? Everybody must know that we have this meeting.

- I have no idea, she said sulkily. Nobody ever tells me anything, so how should I know?

A quarter of an hour later. One of the editors passes hurriedly through the corridor:

- Hi. So you are still here?
- ??

- Don’t you know? Volvo is having a press conference right now and I’m late. So long!

The meeting ends before it begins and I leave for home.

1.1.2. Affärsvärlden - a Short Background.

In 1980 the financial magazine Affärsvärlden was 79 years old. In 1975 it had undergone a management transformation. The trust that owned it was just about to close it down but some of the editorial staff had come up with a proposition: Let us take over!

The board had agreed and the staff had taken over management completely. It was still a trust but the staff had the right to dispose of any profits. They had recruited a couple of ambitious young financial analysts and gone ahead in a completely new fashion. In 1979 they had experienced three years of steadily increasing circulation and a small but increasing profit. They were twelve people altogether, eight of them were editors. Some of the basic values of the company were:

"Work hard", "Be analytic", "Be competent", "Be loyal", "Collective" rather than "Individual".

A kind of coffee table democracy with consensus as the basis for decision making had developed.

The company I arrived to in the autumn of 1979 was a very odd organisation indeed measured by my Unilever standards.

Affärsvärlden was a Foundation and Foundations are not supposed to run businesses. They had a board of directors that had nothing to do with the business. The company was run by the staff as their own - but they did not own it. The staff had profit sharing - but no legal right in the profits. They had a managing director - an analyst/journalist - whose function was to be "the Chairman of the Coffee Table Conference". Affärsvärlden had an advertising salesman who was the former editor of the magazine and he was the only one who had an official title "Secretary". The Editor-in-Chief was also called "Secretary", the managing director’s title was never mentioned. But the journalists were called "Editors" (normally a manager’s title). The magazine had appointed a Responsible Editor - but he was not an employee, and he worked as a free-lance advertising salesman.

1.1.3. Questions.

So, when I arrived I was hit by a severe culture shock. Nothing I had learned in the university, nor during my six years at Unilever had prepared me for a situation like this.

They had profit sharing. Still nobody interested in the organisation. Why? How could professionals in information be unable to handle their own internal information? Why did not all the great ideas and all the talk result in action? How could they translate a demand for action into thinking?

1.1.4. Some First Answers.

My first answer to the questions above was an intuitive action: If nobody cares about what I’m supposed to do, I suppose I will have to do what all the others are doing.

So in the coming two years I changed my job entirely. I volunteered to write articles in Affärsvärlden. I recruited a new accountant and in 1982 we launched a new magazine, Ledarskap, Sweden’s first management weekly, and I joined as one of the editors.

But I was one of the three managing partners of our growing company and I could still not make out the answers to my puzzle. I became more and more convinced that we were "unique" (as indeed my fellow partners believed) so I used my position as an editor to write about topics that I believed could shed some light on my management puzzle.
One of the articles I wrote was about advertising agencies in 1983. The interviews fascinated me. I found that the managers in the advertising agencies experienced the same problems as I did in my own company. Why? Was there something universal about my own problems?

In the article I categorised employees according to whether they were involved in "professional" work or "organisational" work. This seemed to give some clues to some of the questions I had.

I continued to research the issue by writing more about computer companies, management consulting firms, auditing firms, etc. In 1985 I collected my thoughts in a longer piece that became one of the two parts in a book together with Anders Risling. I put the label "Kunskapsföretaget", ("The Knowhow Company") as the title of the book.

The book was launched in the spring 1986, the media got interested and soon the concept was on its way into the minds of people. The success of the concept created a number of followers.

The journalist Göran Albinsson-Bruhner however hit the head on the nail in an article in Svenska Dagbladet 1989:

When I started my job at Svenska Dagbladet I was taught that it was a Publishing Company. A few years and a dozen management books later I was working in an Information Company. Now I am employed by a Knowhow Company. A career without even having to change employer! I sometimes wonder whether the development only has happened in the heads of some authors.

He illustrates the way powerful metaphors steer our interpretation of the world. As soon as a concept is invented it takes on a life of its own. Once such an reification has taken place and there has become a reasonable understanding among actors on that "image", it becomes a shared object, "institutionalised" (Berger & Luckman 1966).

This process of reification serves as the human way of understanding and interpreting the world around us. The structure of knowledge is thus less in the known or in the knowable but more in the form that the knowing assumes. We are not ruled by the material things themselves, more by the meaning we give them.

The media play an important role in this game. The journalists are professional baptisers which is a valuable skill for anyone who is working with words on a professional basis.

The opportunity to set the agenda or to be in the position to formulate the question to be discussed are powers which are frequently used by politicians and managers. The TV-screen and the front page are the Magic Mirrors which the politicians and the top managers of the western countries look into for a proof of their existence: I am on the screen, therefore I exist!

Since the time available in the most powerful media, TV and radio, is limited, the fight for prime time becomes a prerequisite for political survival. Being the first to attract the media’s attention is thus very effective. The first person to coin the first meaning, is forming the first link of a semiotic chain which defines the starting point of the following links. People with a special gift to coin catchy metaphors thus get a much higher attention from the media than they "should" get.

The power of media over our perceived reality is one the forces behind the trend that information content of human activities and products seems to be increasing at an almost exponential rate. It might be the power of the media and the fascination with computer technology that lies behind the taken for granted idea that information is valuable and something similar to knowledge.

However, the behaviour of the actors on the financial markets indicate a more problematic relation: It was for instance not the case that the enormous increase in financial information in the 1980s gave a better understanding among the actors of the financial markets.

On the contrary, the growth of financial information was accompanied by two of the worst collapses (1987 and 1990) on the financial markets since the 1930s. This was a discomforting experience which I encountered as a manager in a company producing financial information. Why did not all information from the financial media result in better performance among the actors? It was as if the more information we were processing, the less we all seemed to understand.
The financial journalists and analysts like to think that they are producing valuable information, even knowledge, but are they? Is one reason for the present confusion perhaps that we tend to explore this field using obsolete perspectives?

This thesis is an attempt to start developing a perspective on organisation using insights from the theory of knowledge, epistemology, in order to gain insights into the problems. I suggest that we should take steps Towards a Knowledge Perspective on Organisation. I regard the media as belonging to a "family" of Information Processing Organisations which may be found in many other sectors of the economy, like consulting, accounting, advertising. They may also be elements (departments) of larger organisations or governments. Also governments, and many other public authorities may be regarded as belonging to this family. The visible output of their production process is a rapidly increasing volume of information: books, articles, research reports, consultant reports, videos, TV-programs and electronically stored data. The information processing organisations would then be distinguished by their output and their production process. This distinguishes them from organisations in which the output of infoduction is used mainly for controlling the organisation itself.

I suggest that the added value in the process lies in information reduction - infoduction. - rather than in adding new information. I further suggest that the process of infoduction and the format of the outcome constitute organising. The majority of the actors are professionals, knowledge workers, who are directly involved in infoduction. They write, calculate, analyse, talk and think. Their physical visible output is very small as compared to their intellectual input. They use and create knowledge in several ways and areas: as a function (for the infoduction, for marketing, for sales and for administration) or as a raw material (facts, information, knowledge) in the infoduction process.

The empirical data of this thesis comes from publishing. The media are organisations as well as markets for concepts and ideas, their staff are active players on the markets themselves because their staff allocate space for competing ideas and information. This is why the media have powers and why media organisations are contested by other players on the markets for competing concepts and ideas.

The focus of the thesis is on media as organisations, not as markets or power centres. The publishing industry has existed since the middle ages but it entered an era of rapid transformation during the period I am covering, which adds an extra dimension of understanding. Publishing is thus a very old and at the same time a very new industry. Although simple in physical production, publishing is confusing to understand and it plays many roles. A publishing company can be regarded as being involved in manufacturing (production of physical publications), in sales (advertising space), in art (creation of ideas expressed as texts and pictures), in entertainment, in information processing (analysing and presenting facts) or knowledge (producing facts). Focus in this thesis is on the information processing organisation.
1.2. Purpose and Research Question.

Given the problems above:

_The purpose of this research is to start developing a knowledge perspective for describing and interpreting some crucial processes in information processing organisations._

I do this by asking the following research question:

**What was the role of knowledge in Affärsvärlden during the period 1975 - 1990?**

A perspective is guiding the perception of the world and thereby the patterns formed in the mind of the user. A perspective is according to the Oxford English Dictionary:

> The relation or proportion in which the parts of a subject are viewed by the mind; the aspect of a matter or object of thought, as perceived from a particular mental 'point of view'; a way of regarding (something).

For the researcher a perspective is the starting point for asking questions about the world. I have used Michael Polanyi’s concept of knowledge as the starting point for asking questions about the empirical case Affärsvärlden.

1.3. Some Basic Assumptions.

A research process generally starts with some basic assumptions, some call them a paradigm.

My conviction is that at least social reality is the result of the subject’s activities. This view is inspired by the constructivist view which might be contrasted to a more common sense attitude. The difference is that according to a constructivist view the subject does not discover structures that belong to an independent existing reality. Reality is constructed by the subject. The subject constructs his or her knowledge by being an active experiencer rather than being a passive receiver of stimuli (information). This does not mean that the subject is free to do as he/she wishes. The construction is constantly confronting constraints. The recurrent experience of constructions confronted with constraints lends an aspect of subjective reality to those constructions which turn out to be viable. The constructions are private but not entirely subjective. There is no way of transferring knowledge - every knower has to build it up for him/herself.

I therefore do not try to explain reality, because there is nothing to explain. Instead I look for cognitive structures (i.e. concepts, rules, schemes, metaphors etc.) that help human beings in their efforts to construct their own reality. There exist an infinite number of such structures. None can be said to more true than another. The task of research is therefore to "explore practices" (Czarniawska-Joerges 1993).

With my background it has been natural for me to think in constructivistic and linguistic terms. The words of the language function both as limitations and tools for our construction of reality, in the human efforts of finding equilibriums in a world of paradoxes and chaos.

Words are poor vehicles for transferring knowledge so they must be under constant surveillance because the taken-for-granted is powerful, blinding even the most insightful. As Max Planck once sadly stated:

> "A new scientific truth does not triumph by convincing its opponents and making them see the light but rather because its opponents eventually die, and a new generation grows up that is familiar with it."

I believe that efforts to question the taken-for-granted metaphors as well as articulation of new concepts are among the most important areas of science.

If the object for knowing is constructed by the subject, the Knower becomes just as interesting to study as the object, the Known. Theories, concepts, models and analogies are always used with a (often implicit and even unreflected) purpose
by the researcher. The motive for doing a particular piece of research thus emerges as very important. The purpose might be unknown or implicit. Whose interest does the researcher serve? Why does someone want to know?

Also the origins of the concepts are significant. If scientists use metaphors with origins in mechanics or information theory in organisation theory - and people use these implicitly for constructing their reality - the perceived organisation might begin to resemble a machine or a computer. Metaphors that avoid such analogies have a greater likelihood to lead our thoughts in a human way - and in the end help us to construct a more human world. I appreciate an approach to science as understanding rather than explaining. It is called the "hermeneutic paradigm" and the overlapping "qualitative research paradigm" which both can be labelled "interpretative paradigms" even if I am aware of the traps in all these labels.

The research paradigm is also influenced by Michael Polanyi and - to some extent - Ludwig Wittgenstein. Polanyi’s influence therefore comes out twofold in this thesis: as the paradigm governing my understanding of "knowledge" and as one of the elements in the paradigm guiding the research process. A practitioner who decides to use qualitative data from his/her own practical experience in a research project finds little or no guidance in the traditional academic world. There are some implicit demotivating "rules": the researcher must not be engaged, must not "go native". The implicit ideal is to be distant, cool and analytic. Such ideals are the opposite of good practise. Good practise (also in science) is to be engaged as a subject, to be passionate and empathetic.

**Figure 1. Four possible paradigms on Organisation Theory. (Source Burrell & Morgan 1979).**

Most authors on scientific methodology, however, treat the researcher as a tabula rasa, void of feelings and preunderstanding. It is as if the ideal researcher should be standing on the outside looking in - does it not just as easily become the opposite; locked in, looking out?

The tabula rasa view is an unnecessary limitation of the potential of social research. I regard research into organisations and management as the art of being able to articulate the tacit practical knowledge of human beings who are acting in social environments. By developing this art, research adds to the knowledge of practise and both learn from each other. Both are basic elements in the never ending human process of understanding the chaotic world. Burrell & Morgan (1979) argue that social theory can be analysed in terms of four broad world views, paradigms which are based on
assumptions about the nature of science, the subjective <-> objective dimension and the nature of society, the regulation <-> radical change dimension, see Figure 1 below.

The functionalist paradigm is based on the assumption that society has a real existence and a systemic character. Research under this paradigm focuses on understanding the role of human beings in a real world of concrete relationships. There is a belief of a value free objective social science.

The interpretative paradigm is based on the assumption that the social world does not exist in a real sense but is the product of the experience of the individual. Scientific knowledge is seen as no less problematic than practical knowledge or common sense.

The radical humanist paradigm also assumes that reality is socially constructed and believes that the process of reality creation may be influenced by psychic and social processes. Research is focused on how human beings can escape their "psychic prison".

The radical structuralist paradigm assumes a materialist world independent of the individual. Society is seen as a dominating force. Reality is characterised by tensions and conflicts which lead to radical change in society.

The paradigm of this thesis may be placed in the interpretative box in Figure 1. See below.

The paradigms may (as often in practise) be implicit. Each one of the paradigms contains a number of possible perspectives by which the human being views the world. They may view organisations from a cultural point of view, from a political, a cognitive, etc. I suggest in this thesis a perspective based on knowledge.

1.4. The Research Process.

By research process I understand the researcher’s path from reality to final text. I distinguish between four levels of the process. I call them Basic Assumptions (highest level, discussed above), Research Approach, Research Method and Technique (lowest level).

1.4.1. The Research Approach.

The Research Approach is how I choose to "close in on" this particular object for research under the umbrella of the paradigm.

To be a practitioner trying to articulate own experience and using data from one’s own company as a case is a rather unusual research situation, with little assistance in traditional methodology.

Also, the field of business is complex, which business administration research acknowledges by being interdisciplinary; the discipline has a tradition of borrowing approaches from most scientific fields and applying them to the field of business.

These are my main reasons for trying to find my own approach.

An increasingly popular approach among organisation researchers is action research. Action researchers are not only participating and observing, they are also change agents. Their intention can be described as to feed back their observations to the actors, thereby influencing the actors’ ability to learn. One might argue that I was an action researcher during the period in question, because I was observing the reality, analysing it and also feeding it back to the organisation with the purpose to change it. Both I and my colleagues were learning from our experience all the time and we were also change agents. But on the other hand - who are not learning? Are not all managers “action researchers” with these definitions? I think the crucial point is my intention at the time I was actively involved in the process. I was not doing conscious research. The important difference between an action researcher and a manager is that the action researcher is consciously using the double roles in reporting, reflecting and acting.

I decided that a pure action research approach would not suit my research situation.
Could I use an ethnographic approach? I believe that for a researcher seeking the inner context of a process, the ethnographic approach is superior. It also brings the actors into the centre as I want to do. Using the ethnographic approach would imply using its prime method, participant observation. I have been both participating and observing during the period in question. One of the most important features of being both participant and observer in a process is the researcher’s ability to move between two research methods (observing/participating and reflecting/writing) in a conscious and reflexive manner.

One might say that by writing books and articles I have been reflecting upon my experience. However, when the process was taking place, I was not aware of my own intention to use Affärsvärlden as a case in research in the future. I think this is again a crucial point, because I was not reflexive at the time I was experiencing the reality. My intention at the time was to be fully socialised into the organisation. I was not continuously stepping back to reflect and stepping forth to participate and observe. Nor did I make research notes reflecting upon my feelings and observations along the way. So, I was much more participating than observing, even if I reflected in the books and articles which now form a part of my preunderstanding.

The approach I chose was to borrow from both ethnographic and action research and regard myself as an observant participator, i.e. more taking part in the process than observing it. I think the label fairly well describes my behaviour and my attitude while I was participating in the process.

But the choice of approach did not solve my problem with techniques for gathering empirical data.

Could I regard the case as a company history? The members of the Affärsvärlden organisation were journalists and tended to write quite a lot. I knew that we had fairly good archives, and both I and other members of Affärsvärlden had also saved old documents, both private and public documents. Again I had problems with role models. On the one hand economic historians of often write company histories. On the other hand, historians are not managers and per definition they do not participate in the process that they are describing. There are also many managers who have written their own biographies in retrospect but their texts are not intended as contributions to research.

I could of course not regard myself as a historian but I found inspiration from how historians treat sources.

Journalism can be considered both a profession and an approach. The journalistic method might be regarded as a method to construct reality. The journalistic mission is therefore similar to the scientific. The work of both the journalist and the scientist can be described as reducing chaos into structured texts, infoduction. Both are also looking for “the truth” and both are driven by their curiosity and both of course want to find readers for their texts. There are thus similarities.

However the approaches are different. The journalistic approach has grown out of three constraints: Time pressure in production, limited space on the pages and limited time for the readers to read. The journalist must in a very short time produce a short text about a complex event or process that catches the eye of a reader who has many other things to do except reading articles. The journalist competes against time in every moment of his/her work, from the conception stage till the reader.

So, while the scientist looks for the general in the specific the journalist seeks the specific in the general. While the scientific approach puts a premium on a systematic and thorough technique for arriving at a conclusion, the journalistic approach puts attention and speed first. While the scientific community must be able to question the results of the scientist, the journalist may under Swedish civil law conceal the sources if necessary.

A summary of my research approach is thus a personal blend of three approaches: The ethnographic approach, the action research approach and some techniques inspired by the historic approach.

1.4.2. My Method.

Method is how I in practise solve the scientific problems in my thesis. I regard my method as a selection of techniques influenced by or belonging to a scientific approach.

Since I had free access to all the archives I decided that documents would be my prime source of data.
A frequently used method for generating theory in social sciences is the grounded theory method (or approach). The method presupposes a total open attitude to data, inducing inferences and patterns from them. I realised that I was too involved in the data to be able to have such an open attitude. A similar but for me more suitable method is suggested by Miles & Huberman (1984) who suggest preunderstanding as the starting point for induction. I have been inspired by their approach. They also suggest a large number of validation techniques which have been of assistance in my work.

However, none of those methods solved my greatest problem as an "observant participator": how to retrieve empirical data in retrospect.

I found some assistance in what is sometimes called heuristic method or "phenomenological reflection". It is "to know the essence of some aspect of life through the internal pathways of the self". The problem of introspective techniques is that they are difficult to comment upon since they are to a great extent tacit or subconscious. The techniques do therefore not fit research made under the positivistic paradigm and they are looked upon with suspicion by western societies. However, the field of philosophy relies heavily on introspection. Also arts build more or less entirely on introspection. The problem does not lie in the method but in how general the findings can be regarded. Data recollected from my own memory (as well as from the memories of others) are poor, scattered and affected by the well-known tendency of our minds to form patterns of the past that suit the situation of our present.

I found that methods inspired by a dialectic approach also suited my research situation. The dialectic approach assumes that human beings are under a constant conflict of paradoxes. This notion also helped me to overcome some of my taken-for-granted preunderstanding. Since I was gathering empirical data from my own past, whereby retrieval of documents had to be combined with data from my own memory, my preunderstanding could be a hinderness. See further below under Chapter 1.5.3. I did however not use dialectics as a general research approach since it is full of traps.

Having been working as a journalist for several years, the journalistic method forms a part of my tacit knowing. I have probably been using some journalistic techniques tacitly, but I have tried to limit the journalistic style to the text in Book 2.

1.4.3. My Techniques.

By techniques I understand:

1. The techniques I used for gathering empirical data.

2. The style I used for writing the case story.

3. The form of presentation of the thesis.

4. The techniques I used for challenging my taken-for-granted.

5. My personal tacit "tool kit" of techniques.

Å. The method I used for gathering empirical data was to collect documents as the main source. I was inspired by historic methodology for treating sources (Nordenfelt 1978). I also used the computer for text analysis, something a historian would perhaps hesitate to do. I did not use many interviews. Why not? Interviewing is the most common technique in social research and is seldom questioned as a data collection technique. The first reason is that I already had an overwhelming volume of historical documents. Also, having used interviewing a lot myself, I am only too aware of the limitations of interviews as the prime source of empirical data. Since I had been a participant of the process I am describing I had a very good picture of the case.

Still, data from the memories of others as source add a dimension "outside" the self. Such data are no less subjective but they reduce the possibility that I am conveying a "false" picture not shared by other participants. I think that the documents fill that need to a great extent. They are authentic remnants often more reliable than memory. I however used some interviews for data that were not covered by the documents and my memory. I tried to avoid the potential problem of a false picture by the validation technique, see below.
I also regard the style of writing as a technique. I have written two books. The first I did was to write the Source Case story. An edited version is published as a separate book (Book 2). Documents from three archives were the main source. The technique I used in writing the source case might be described as an account of what I found in the documents supported by my memory and filtered through my present understanding. A kind of "interview with myself" supported by documents. I did not have any theoretical perspective when I wrote the source case story. Instead I tried to be personal, emotional and journalistic in style. The language was Swedish, since my past was experienced in Swedish.

For writing the Source Case I used a rather common technique. It might be described as "cutting the interviews or documents to pieces" and "pasting them back categorised by variables". One of my variables was Time so the quotes were structured in chronological order. I used the cut & paste-technique with the purpose to allow the documents "do the talking" by letting the story develop with the aid of a large number of quotes from the documents, while I filled in the narrative between the quotes. I had extracted a rich source of documents (see below). Since the documents were remnants from the past, not stories based on memories, this technique allowed "the past to talk to the reader" (if ever possible). For doing this work I used the aid of the computer (see below).

The second text I wrote was this thesis. I switched into English which reduced my ability to express myself and assisted the style in being more distant.

The form of presentation that the researcher chooses to articulate his/her personal knowledge from a research governs the way the receiver constructs his/her new knowledge. Business administration and especially the fields of strategy and organisation theory often present their concepts in pictures presented as closed models with boxes and circles linked with causal relationships pictured as arrows. I have used some pictures for focusing my knowledge with the main purpose to summarise the text. Pictures as are often superior to words. However, pictures are dangerous in that they might give a false impression of exactness.

Even if I have used pictures for presenting the sub-elements of the Knowledge Perspective, I have therefore chosen a more open form of presentation for the Knowledge Perspective itself. The perspective is presented as a list of concepts and notions with empirical illustrations.

The dialectic technique I used was to try and find negations and transcend contradictions. I looked for failure instead of success, tried to find success in failure, looked for conflicts where I previously had believed there was harmony and tried by reflecting upon the categorisations distinguish contradictions.

The only tacit technique that I find worth commenting upon are those that count their origins from the journalistic method. I regard writing as a natural way of reflecting (a technique for focusing my tacit knowing). Scientists should probably benefit from using more journalistic techniques because that makes their texts more interesting to read, which in its turn should improve the reflection and the readers’ process-of-knowing. There are however some risks involved with journalistic techniques. Tacit journalistic techniques might tempt the researcher to take shortcuts in the search for knowledge and too short in articulating it, to be too far-reaching in the conclusions, to be too focused, to be too generous with pictures and metaphors. I have tried to find a balance.

1.4.4 The Research Process - a Summary.

My research process can be divided into three periods, the first starting the moment I arrived at Affärsvärlden in 1979. The second part beginning when I became a doctoral student in 1990. The third period beginning when I started to write this thesis in the autumn of 1992.

The first period is my period of "observant participator". It is partly described as an element of the case description in Book 2.

The second period is best described as a process which brought me from being an observant participator into being a intentional researcher. It involved a change in attitude and also in scientific paradigm. When I arrived as a doctoral student in 1990 I carried with me a kind of unreflected "positivistic" paradigm from my pre-doctoral studies 20 years ago. I was thus very hesitant to use my own experience for research purposes. It was not until spring 1992 that I - with considerable agony - decided to use empirical data from Affärsvärlden in the research process.
The third period was the process of gathering empirical data and writing the thesis. This part of the process started with sorting the archives (see below) from August 1992. I then wrote the Source Case during four intensive months December 1992-March 1993. It was natural to write chronologically and I allowed the structure of the case story to evolve during the process. I used no theory and I had not developed any of the metaphors and I allowed my feelings to come out in print because I did not intend to publish the text.

I allowed myself to be surprised by what I found in the documents, (and indeed I was). The process became a rediscovery of a well-known past but through the lens of the present. I worked as absorbed in a dream. In a way it was like going in psycho-therapy with the documents as the therapist.

I did not print out the text even once during this process so when I had finished on March 19th 1993 I read it in sequence with some astonishment. A picture of the past was emerging. A picture that I had not been fully aware of before.

Figure 2. A summary of the research process.

So, I now had the case but what was the purpose of my research? For what scientific purpose could I use the empirical data as a source? I read the text in confusion. I allowed a couple of weeks to pass by. What had I written about? I searched the text and looked for patterns - a whole. I did not use the computer or any systematic technique. Instead I relied on the capacity of the human brain to find holistic patterns.

I had of course written about strategy and organisation. I also found that I had written a lot about knowledge. I was surprised to find that I had written so much about power and I recognised how the text was impregnated with values.

These four components formed an interlinked structure which could be described as an Event-State Network (Miles & Huberman 1984:131). The network contained a large number of scattered and unstructured sub-variables and some vaguely suggested links between some of the variables in a chronological order.
A very subjective perspective on strategy or on organisation seemed to emerge from the case. I decided that I wanted to develop this further into a more general perspective.

The next step was to go through theory. I had already decided that I wanted to use a philosophical theory of knowledge: theory of for improving my understanding of the concept of Knowledge. Also the concept of Power needed theory.

The theories I studied gave a number of suggested concepts and variables. I used these concepts to construct a number of questions as a starting point when I went through my case again. Could I find answer to these questions in the case?

The original case story thus became my source in the next step of the process.

I focused my process-of-knowing on the concepts and tried to articulate both the questions and the answers into pieces of texts. This led to further questions, I had to find more theory which led to new questions, I then had to rewrite the texts etc. It was a process with many reiterations.

Then came the moment of condensation. I had to choose between developing many concepts on a superficial level or a deeper understanding of fewer concepts. I chose to concentrate the illustrations in Chapter 4 to the five questions presented there.

Finally, I rewrote the original case story so that it could be presented as a separate book (here called Book 2).

1.4.5. The Empirical Data.

For a more comprehensive discussion about the empirical data, see Appendix 1. I have used three kinds of sources (in order of significance):

1. Written documents.
2. My memory.
3. Interviews.

1.4.5.1. Written documents.

My main source of data are documents from three archives, the company archive, Ronald Fagerfjäll’s private archive and my own private archive.

It was a huge amount of documents, some eight meters of archive. Mainly documents that could yield insight in the internal process were selected. They were almost entirely confidential and personal.

I had an entirely free and unrestricted access to the archives. Problems of authenticity or restricted access did not exist. The history was still fairly fresh in my memory and I had seen many of the documents before. The quality of the documents was thus highest possible.

1.4.5.2. Memory as a Source.

The human memory is a fragile source of information. Still it is the most common source of empirical data in social research, mainly because there often exist no alternatives.

In this thesis I rely on my own memory as a source and - to some extent - on the memory of others. Tapping the source of memory of others is mostly done by interviewing, a technique that adds to the fragility of the data.

Tapping the source of my own memory as I did in the research process improved the quality compared to interviewing. The first reason for that was that the process of writing tended to bring forward memories that I did not know that I had. The second reason was that the documents of the old archives triggered off a number of memories that I was unaware
of. The third reason was that the combined effort of reading old documents and writing added a combined quality to the data from my memory that I think was of a higher order than the data themselves.

I thus think that the data I have retrieved from my memory using this process are of higher quality than the data researchers normally get from asking people to tell stories relying on their memories.

The problem with empirical data collected from memory is that they are subject to a number of inconsistencies, tendencies, rationalisation in retrospect etc.

I have tried to validate memory data through triangulation, i.e. checking data against other independent sources. One important source for triangulation was the book by Ronald Fagerfjäll, *Affärsvärlden 1901-1990*. Another source of triangulation were the documents themselves. There were numerous cases in which two or more documents were covering the same event.

A third method of validation has been to let senior colleagues with a long record in Affärsvärlden read and comment the text. I have also sent the edited case story (Book 2) to eight of my colleagues both still employees and who have left the company for comments before I finalised the last version of it.

I therefore believe that the empirical data do not show a false picture of the development, albeit written from my own personal perspective of course.

1.4.5.3. Computer Aided Technique.

I used a computer technique for some of the text analysis. The computer is very good at speeding up the coding, sorting and structuring procedure. It enables the researcher to cover a much larger volume of data in a short time compared to cutting with scissors and pasting with glue, which is otherwise the fate of the qualitative researcher.

However, a researcher that uses scanned documents in this manner loses a lot of information which cannot be stored: coffee spots, hand written commentaries, bored scribbles etc., that tell the researcher a lot about the context of origin.

I thus found that the computer both enhanced and reduced the information intake of the researcher. Therefore I was careful not to lose the original documents. They were coded and stored in such a manner that they could be easily retrieved for checking. This proved very important because I noticed that some of my memories were intimately tied to the physical appearance of the documents.

2. The Concepts Knowledge and Power.

Organisations involved in information processing use knowledge in a complex and intensive fashion. They both buy and sell knowledge. They use knowledge as raw material but also as a function. They acquire knowledge and information, use it in a process involving knowledge as a function and they sell information and knowledge as physical products, ideas or in the form of problem solving. They are also subject to several more or less visible expressions of power and power play between many actors both outside and inside the managers’ offices.

Therefore the process by which individuals acquire, form and transfer knowledge becomes - their *process of knowing* - becomes a key issue, not only for understanding the production process but also for understanding how individual actors create what they perceive as organisation.

As mentioned in Chapter 1.1 my preunderstanding is that there exists a dichotomy between individuals involved in the production (professional knowledge) and individuals involved in marketing, administration and management (organisational knowledge) in these kinds of organisations. Therefore the internal relation between knowledge and power is crucial for understanding both some of the inherent conflicts as well as long term development.

I regard all human knowledge articulated through language as essentially metaphoric in character. "Knowledge about knowledge" is therefore a question of which metaphors one chooses to express one’s knowledge in.
The Concept of Knowledge is traditionally the area of epistemology but also computer science, cognitive psychology, pedagogy and (lately) brain research have made contributions to the field. Metaphors from computer science and information theory have been very influential since the 1940s.

The reason I have chosen Polanyi’s conceptualisation of knowledge is threefold:

Å1. Although the concept of tacit knowledge is common today, Polanyi’s theory is not frequently quoted in organisation theory. As a source of metaphors it might therefore yield fresh interpretations.

Å2. Polanyi’s theory bears resemblance to my own practical experience.

Å3. His theory has roots in constructivism.

Michael Polanyi (1891-1976) was a Hungarian medical scientist whose research was mainly done in physical chemistry before he turned into philosophy at the age of 55. He accepted a personal chair in social studies at the university of Manchester in 1948. His lectures were collected in his opus magnum "Personal Knowledge, Towards a Post Critical Epistemology in 1958". Although very influential in the background he was never recognised as a "true" philosopher by his contemporaries. He and his works are for instance not listed in the Swedish language encyclopaedia on philosophy, "Filosofilexikonet".

I have considered an alternative to Polanyi, namely Ludwig Wittgenstein and the theory school inspired from his works, represented by the Norwegian philosopher Kjell Johannesen (1988, 1992) and Swedish research by Bo Göranzon (1988) and Ingela Josefson (1988). Their research has mainly been directed towards enhancing the value of practical tacit knowledge in working life. There are links between Polanyi’s and Wittgenstein’s theories and several efforts (Johannesen 1992a) have been made to combine the two.

The reason I prefer Polanyi’s theory to that of Wittgenstein and his successors in this thesis is that Polanyi’s understanding of the process of knowing, was developed with examples from scientific professions which are quite similar to professions involved in information processing.

**2.1 Michael Polanyi’s Concept of Knowledge.**

Polanyi’s concept of knowledge is based on three main theses:

ÅFirst, true discovery, cannot be accounted for by a set of articulated rules or algorithms.

ÅSecond, knowledge is public and also to a very great extent personal (i.e. it is constructed by humans and therefore contains emotions, "passion").

ÅThird, the knowledge that underlies the explicit knowledge is more fundamental; all knowledge is either tacit or rooted in tacit knowledge.

Knowledge is thus not private but social. Socially conveyed knowledge (see further tradition in Chapter 2.1.1.) blends with the experience of reality of the individual. New experiences are always assimilated through the concepts that the individual disposes and which the individual has inherited from other users of the language. Those concepts are tacitly based. All our knowledge therefore rests in a tacit dimension.

When we are tacitly involved in a process-of-knowing we act without distance. This describes how and why we take things "for granted". The individual changes, "adapts", the concepts in the light of experiences and reinterpret the language used. When new words or concepts are brought into an older system of language, both affect each other. The system itself enriches what the individual has brought into it.

In each activity, there are two different levels or dimensions of knowledge, which are mutually exclusive:

ÅKnowledge about the object or phenomenon that is in focus - focal knowledge.
Knowledge that is used as a tool to handle or improve what is in focus - *tacit knowledge.*

The focal and tacit dimensions are complementary. The tacit knowledge functions as a background knowledge which assists in accomplishing a task which is in focus. That which is tacit varies from one situation to another. For instance, when reading a text, words and linguistic rules function as tacit subsidiary knowledge while the attention of the reader is focused on the meaning of the text.

Inspired by Gestalt Psychology, Polanyi regards the process of knowing as fragmentary clues, senso-motoric or from memory, which are integrated under categories. We make sense of reality by categorising it. The patterns of categories contain, theories, methods, feelings, values and skills which can be used in a fashion that the tradition judges are valid. We attend from the particulars to the focus upon which they bear. This act of integration is an informal act of the mind and can not be replaced by a formal operation.

This integration of knowledge is a personal skill in itself and can not be disposed of. A special kind of meta knowledge is required for integration; knowledge about knowledge as integrated. It is possible to have this meta-knowledge without knowing its details.

Polanyi’s theory is about how human beings acquire and use knowledge, i.e. about the *process of knowing.* In his earlier works he frequently uses the verb "knowing" and the noun "knowledge" as synonyms. In his later works (Tacit Knowing) he emphasises the dynamic properties, i.e. the verb:

> Knowledge is an activity which would be better described as a process of knowing.

Polanyi thus regards knowledge as both static "knowledge" and dynamic "knowing". When the dynamic properties are emphasised, verbs like knowing or learning are used. The dynamic properties describe how human beings strive for acquiring, coming to know, new knowledge.

Polanyi emphasises that the human being is knowing all the time, we are switching between tacit knowing and focal knowing every second of our lives, it is a basic human ability to blend the old and well-known with the new and unforeseen, otherwise we would not be able to live in the world.

But Polanyi also sometimes describes knowledge as an object that can be articulated in words. When tacit knowledge is made explicit through language it can be focused for reflection. By distancing the actor from the knowledge and articulate it in language or symbols, the knowledge becomes possible to distribute, criticise and thereby increase. Polanyi’s emphasis on the dynamic properties makes articulate propositionary knowledge (facts) - metaphorically speaking - only the top of the iceberg.

Because we can know more than we can tell it follows that what has been made articulate and formalised is in some degree underdetermined by that of which we know tacitly. Language alone is not enough for making knowledge explicit. All articulated propositionary knowledge has originally been constructed in someone’s mind, be it in my own or somebody else’s. Facts are thus personal, not objective in a positivistic scientific sense. Facts can be tested for their truth content by an act of assertion but the act of assertion contains a tacit part too.

Polanyi also emphasises the functional aspect of knowledge, i.e. he regards knowledge as a *tool* by which we either act or gather new knowledge. This tool is unreflected knowledge that we take for granted in a situation.

> When we use a hammer to drive a nail, we attend to both nail and hammer, but in a different way....The difference may be stated by saying that the latter (hammer) are not, like the nail, objects of our attention, but instruments of it. They are not watched in themselves; we *watch something else* while keeping intensely aware of them. I have a subsidiary awareness of the feeling in my palm of my hand which is merged into my *focal* awareness of my driving the nail.

Whether an object is a tool or not depends on the actor’s attitude. If a stone is used as a hammer it is a physical tool. Methods, rules, beliefs and theories are intellectual tools.

Polanyi uses the notion of *rules.* A "rule" is thus tied to the result of an action. The knowledge of the rules also functions as a tacit knowledge, i.e. a kind of tacit "tool of tools".
A rule is a standard for correctness, a norm. The difference is that the norm is entirely static whereas a rule can be changed. The rules develop in the process of knowing or come from tradition. Mastery of the rules also brings with it the ability to change them or extend them. Rules are generally tacit but they may be articulated into explicit rules-of-thumb, maxims.

When the static properties are emphasised, Polanyi thus use nouns like knowledge, or emphasise the function of knowledge, tools or criteria for standards like rule or value. The static dimension describes the functional properties of knowledge; how knowledge as an object can be used in various contexts. The nouns however need the dynamic verbs for describing how new knowledge is acquired, created or made obsolete.

Polanyi wanted to prove that there is little difference between the non-scientist and the scientist when it comes to actual practical work. Polanyi’s motives were however much wider than that. He also wanted to enhance the value of the human being by giving her and her culture a "higher position in cosmos".

Polanyi maintains that craftsmen, "makers", use the same kind of methods as other practitioners "doers". They both follow rules and exemplars and they rely on experience for making judgements in their work just like scientists have to do in their work. Polanyi makes no clear distinction between practical knowledge and other kinds of knowledge, like theoretical propositionary knowledge. Polanyi therefore makes no difference in principle between the analytical skills of a Bertrand Russell or the blind man’s rod. The process-of-knowing is the same.

Intelectual tools are however different from physical tools in that they are based in a social context. A person needs to be confident in that social context in order to be able to use intellectual tools. It is an important distinction as regards the rules and the tools.

The scientist’s and the professional’s tools and rules are more intellective than the craftsman’s or the practitioner’s more agentive tools and rules. This distinction is important because intellective tools are a main feature of professions involved in information processing. One important feature is that experts working with physical tools can detach themselves from their tools. Intellectual tools can not be disposed of that easily.

A common notion is that thinking is not doing and a common distinction is made between "thinkers" and "doers". I suggest instead a distinction between agentive and intellective doing. To focus one’s thoughts as in writing an article can be seen as an intellective act, thus = "intellective doing". To move one’s body or to "get things going" through other people can be seen as an agentive act, "agentive doing".

2.1.1. A Hierarchy of Knowing.

If one regards the dynamic properties of knowledge the most material, the notion Process-of-Knowing probably gives a better description than the word "knowledge".

Rolf (1991) suggests a hierarchy of knowing based on how the rules are followed:

- The lowest level of knowing is to follow rules which can be controlled by the subject itself.
- The next level is to follow rules which are established by a social context outside the individual.
- The highest level is to be able to (and be allowed to) change the rules.

Each level contains both tacit and focal knowing. Rolf calls them skill (lowest), know-how and competence (highest), respectively.

Skill is the ability to act according to rules which depend on feedback from a non-social environment. Polanyi (1967):

Skills combine muscular acts which are not identifiable, according to relations that we cannot define.

Skills might be the ability to chop wood or type on a typewriter. The actor him/herself is able to judge whether the action has been successful or not.
**Know-how** includes skill and is the ability to act in social contexts. Other actors, like a professional institution or the tradition (the fourth level) establish the rules. Know-how implies problem solving. The ability of reflection on the rules, however, is of a higher order and should not be a part of skill or know-how. Ryle (1949) points out that the boxer or the surgeon or the poet all apply their special criteria when they accomplish their special tasks. And they are regarded (by others) as good or bad or creative - not because of their ability to reflect over what they are doing but because of the result of their performance.

*Competence is know-how + the ability of reflection.* Competence in Polanyi’s sense implies the ability of know-how within a certain domain and the ability not only to submit to the rules but also by reflection influence the rules of the domain or the tradition. Competence is thus not a property but a relation between individual actors and a social system of rules. A person is competent within a tradition:

In a competent mental act the agent does not do as he pleases, but compels himself forcibly to act as he believes he must.

Polanyi also makes an illustration of *incompetence*:

We draw here a distinction between two kinds of error, namely scientific guesses which have turned out to be mistaken, and unscientific guesses which are not only false but incompetent.

An individual is thus not competent per se, rather it is the individual in a role and in a context who is competent or not. In order to change the rules a competent individual needs a social or interpersonal (Argyris 1962), communicative knowledge in addition to know-how. Competence therefore encompasses both know-how and skill. It is the expertise of mastering the rules of the profession so well that they no longer need to be obeyed. This is where the two concepts knowledge and power meet. A characteristic of competence compared to know-how and skill is that the actor has power over his own knowledge, i.e. over the rule system which decides quality standards. Only when an individual has this kind of power is the system in the position to learn from the experience of the individual.

Polanyi’s notion regards individual competence, which is according to the original etymology. The Latin root *competo* simply means that an actor has sufficient ability to fulfil his/her goals. Rolf (1991) translates Polanyi’s competence into the Swedish word "kompetens". However, the English word has other connotations than the Swedish, which causes confusion. Sandberg (1987) for instance, introduces a "competence circle", which encompasses Knowledge, Skills, Attitudes, Network and Capacity. He refers to Polanyi although Polanyi’s uses competence in the English tradition.

2.1.2. Knowing and Knowledge - a Summary.

In this thesis the dynamic properties of knowledge are emphasised, so "knowledge", and "knowing" are used as synonyms. The word "process-of-knowing" is sometimes used in order to emphasise the process. Knowledge or knowing is also seen as **individual**, not as a property of an organisation or collective.

Polanyi’s main contribution in the theory of knowledge is that knowing can be both *tacit* and *focal*. It depends on the situation whether it is used tacitly or being focused and/or as articulated knowledge. Tacit and focal are not categories or levels in a hierarchy but are more like two dimensions of the same knowledge. Skills which are very difficult to articulate and to transfer between individuals thus have a large proportion tacit knowing, whereas a competent person must be able to focus more of his/her tacit process-of-knowing in order to articulate and communicate in a social context.

As suggested in this thesis, work also has an Intellective and Agentive Knowing dimension. Agentive knowing is more oriented towards using the body as a tool whereas intellective process-of-knowing is oriented towards using the mind as a tool. Agentive skills are therefore more emotional and body oriented than intellective skills. Intellective abilities tend to be more analytical. Agentive skills are more oriented towards the syntetical.

The distinction is made because these two dimensions are important in the information processing professions and in organisations employing mainly professionals. It is not possible to be too distinct, however, since knowing includes always usage of both mind and body. The border between the two is thus fuzzy. One might see the categorisation as a family of abilities with biases towards one of the two categories.
A summary:

Â1. Knowledge can be both tacit and focal.

Â2. Tacit knowing can be made explicit, but not all of it. We know more than we can tell.

Â3. Knowing includes both the intellect ("intellective knowing") and the whole range of body, atmosphere ("agentive knowing"), etc. Words and texts are therefore not sufficient for knowledge transfer.

Â4. Knowledge is action-oriented but can be both static and dynamic. In this thesis the verb knowing is preferred over the noun knowledge. It is acquiring knowledge (learning) rather than having knowledge.

Â5. Knowing is based on rules and exemplars, which can be either invented by the subject itself or learned (within a tradition).

2.1.3. Tradition of Knowledge.

One of the central concepts in Polanyi’s concept of knowledge is tradition. Tradition describes how knowledge is transferred in a social context. The tradition is a system of values outside the individual. Both language and tradition are social systems which take up, store and convey the knowledge of society. "Personal" knowledge is thus not the same as subjective opinions. It is more like the knowledge of a judge who within the framework of the law and praxis (= tradition) gives a judicial decision based on his judgement in a particular situation. Another judge should in principle be able to take the same decision.

Polanyi is mainly interested in transfer of a process-of-knowing from one person to another(s) and he identifies three tacit psycho-social mechanisms for this: Imitation, identification and learning by doing. They are mechanisms for direct knowledge transfer. Facts, rules and exemplars are transferred without intermediate storage in a medium. The term I use - Knowledge "transfer" - is therefore not quite appropriate, since knowledge is not moved as goods. The "receiver" reconstructs his/her version of the "supplier´s" knowledge.

A tradition transfers its patterns of action, rules, values and norms. They create a social order because people can foresee both the action of others and the implied expectations on themselves. The tradition also tells what attitudes one should take. The individual defines him/herself as someone by submitting to the tradition. The formation of knowledge within a tradition is done both locally (by master/apprenticeships) and in a larger context through professional bodies.

Values are not subjective but part of a professional tradition outside the individual self. In the value an individual’s experience is integrated with a claim of being general within the tradition of a profession. Personal knowledge contains elements from how reality is perceived by the tradition. The individual lets the lingual forms and cultural patterns of the tradition form his own idiosyncrasies into an image of reality, irrespective of whether his tools are patterns of thought, patterns of action or social institutions. As time passes, some of the values are validated and transformed cognitively into beliefs about how things are. They are therefore no longer in need of being tested so they become a taken-for-granted tacit knowledge shared by the members of the group.

The notion of values has been addressed by other authors. Some (i.e. Olsson 1990) regard values of individuals as a number of paradoxes or dichotomies. The dichotomies and paradoxes are solved for the time being by the most powerful of the actors or group of actors within the dominant tradition. They are however always present and pop up in situations of crisis. I believe that it is fruitful to regard also the tradition of an organisation in a similar way, i.e. using the metaphor dichotomy of values to describe the organisation’s tradition.

Even if Polanyi does not discuss this particular aspect one might use his concept for identifying traditions of a particular industry, organisation or department, the latter being the "tradition within the organisation".

There is an important distinction between organisation and tradition. Tradition is a dynamic unarticulated process by which a process-of-knowing is transferred between individuals, it has no purpose, no written rules and no power centre. Tradition exists independent of organisation boundaries.
It is useful to distinguish between two main competing traditions in a publishing company, originating from two groups of individuals with relations to the customers: journalists and marketing/salesmen. One is the journalistic tradition and the other could be called the commercial or organisational tradition. The organisational tradition transfers the knowledge of management, accounting, marketing etc. Some of the organisational knowledge is as Spender (1989) suggests formed within the publishing industry itself (as “recipes”), some is transferred via higher education.

Polanyi’s notion of tradition is based on the psycho-social context of scientific professions, which have procedures for enforcing compliance of unwritten rules. He therefore sees the older professional as having authority over the younger (= socially sanctioned knowledge). The apprentice lacks the ability to question what he learns, tradition thus implies submission. In addition credibility, trust and confidence are necessary. Credibility (which in this thesis is equalised with legitimacy) carries the social exchange of views between equal individuals within a tradition. Tradition of knowing thus takes place only if the combination of legitimacy (on behalf of the sender) and trust (receiver) exists. When the relation between master and apprentice is shifted to the ideals nurtured by the tradition the apprentice becomes liberated.

However, using tradition in the way I suggest - as a metaphor referring to individual action in an organisational context and referring to the less cogent journalist profession - is still to bring it outside the original intention. The concepts “organisational tradition” and ”professional tradition” are therefore open to the same criticism as ”organisational culture”. They might be criticised for being too individual and too imprecise. An advantage is however that Polanyi’s tradition is a more narrow concept than culture, it involves mainly knowledge transfer. It is as such the concepts are used in this thesis.

I distinguish four limitations in Polanyi’s concept of tradition of knowledge which have implications for the thesis:

1. Polanyi seems to regard tradition as a process in which the master is always the older. This notion fit the 1960s and 1970s of the journalistic profession fairly well. In the 1980s however, a large number of young financial journalists entered the profession. They were higher educated and could master the new technologies and then new financial instruments much better than the older generation.

2. Tacit knowing and tradition function as a taken-for-granted knowledge, which in its turn delimits the process of knowing and sets boundaries for learning. Polanyi does not problematise this aspect.

3. Polanyi does not distinguish the implications of the difference between interactive knowledge transfer (as in a tradition) direct from individual to individual and indirect knowledge transfer via a medium. Organisations involved in production and selling of information rely on more indirect vehicles like massmedia, manuals, books, or computer programs. Articulated rules (maxims) for guiding behaviour like texts in manuals or accounting procedures, check lists, handbooks, guidelines for salesmen etc. are also examples of indirect knowledge transfer. The medium functions as a passive storage of information.

4. Polanyi regards scientific articles as pieces of articulated knowledge but he considers them as a part of the tradition. In situations where knowledge is to be transferred outside a tradition, as is the case of journalism, the tradition concept needs some supplementary theory.

Since the concept of information is of such importance in society today I have chosen information theory as the complement. Another reason for the choice is that Polanyi is discussing cybernetics in connection with communication. Information theory however, originates from a non-constructivist paradigm, which one must take into consideration when discussing its definition.

2.1.3.1. Information.

The word information is derived from Latin informare which means ”give form to”. The etymology thus connotes an imposition of structure upon some indeterminate mass. This is probably the most widely used (Allén & Selander 1985) meaning of the word. Most people tend to think of information as disjointed little bundles of ”facts”.

In the Oxford English Dictionary definition of how the word is used it is connected both to knowledge and communication:

Knowledge communicated concerning some particular fact, subject or event; that of which one is apprised or told; intelligence, news.
The word information can thus refer to both facts themselves and the transmission of facts.

The double notions of information are also inherent in one of the foundations of information theory; cybernetics introduced by Norbert Wiener (1948). The cybernetic theory was derived from the new findings in the 1930s and 1940s regarding the role of bio-electric signals in biological systems, including the human being. The full title was: Cybernetics or Control and Communication in the Animal and the Machine. Cybernetics was thus attached to biology from the beginning.

Cybernetics is also the foundation of system theory which regards information as something that is used by a mechanism or organism, a system which is seen as a "black box", for steering the system towards a predefined goal. The goal is compared with the actual performance and signals are sent back to the sender if the performance deviates from the norm. This concept of negative feedback and stimulus and response has proven to be a powerful tool in most mechanical and electrical control mechanisms.

Organisation theory in the 1950’s all until the 1970’s is heavily influenced by system theory, (see below). Most organisation models all until our days build on the stimulus/response concept and describe organisations with metaphors borrowed from cybernetic theory.

Cybernetic theory regards information as conveying facts with a meaning independent of the reader. Meaning is seen as a structure. There is thus more information in an ordered system than in disorder. Order, like a sentence, contains more meaning than words in a stochastic order. Articulate propositionary knowledge does indeed seem to share many of the features of the cybernetic notion of information.

Also Polanyi (1958) is impressed by the new theory of communication and bases his understanding of information on cybernetics. But Polanyi does not compare information with knowledge. He sees information more as communication. He maintains that knowledge transfer, also among animals, is social and takes place in an atmosphere of "conviviality" and that the mechanistic cybernetic theory therefore can not explain how human transfer of knowledge takes place. Polanyi emphasises that the process of knowing and the transfer of human knowledge demands much broader and richer means of communication than the written or oral word.

However, today we consume information in such enormous quantities that no one, born before the technical media revolution, could possibly have imagined it. Wiener’s words…

..., to live effectively is to live with adequate information…

..., do not fit a world filled by the flickering of TV-screens, fragments of texts, snatches of music, "authored" by copy-writers, journalists, electronic devices, commentators etc.

We live in societies that are rapidly approaching a stage where 50% or more of the citizens are writing and speaking words and processing texts, numbers and pictures which are reproduced in milliseconds. The "fact" in one text book or encyclopedia or CD-Rom may be contradicted by another fact in a later edition. It does not matter how well the information has been structured or how potentially valuable the knowledge is; as soon as it leaves the presses, the loudspeaker or the screen it adds to, or drowns in, chaos.

Chaos is randomness and entropy. This is another notion of information which implies an opposite view: Claude Shannon’s communication theory. He was a contemporary of Wiener and as an AT&T mathematician he was primarily interested in the limitations of a channel in transferring signals and the cost of information transfer via a telephone line. Shannon is primarily interested in the cost of information transfer irrespective of the meaning of the information and develops a mathematical theory in which information has no connection with the semantic content. Shannon defines information as a purely quantitative measure of communicative exchanges.

Weaver (in Shannon & Weaver 1959), links Shannon’s mathematical theory to the second law of thermodynamics and states that it is the entropy of the underlying stochastic process in the information source that determines the rate of information generation (p.103):

The quantity which uniquely meets the natural requirements that one sets up for “information” turns out to be exactly that which is known in thermodynamics as entropy.
For an information theorist based on Shannon it does not matter whether we are communicating a fact, a judgement or just nonsense. Everything we transmit over a telephone line is "information". Weaver links Shannon’s mathematical theory to the second law of thermodynamics and states that it is the entropy of the underlying stochastic process in the information source that determines the rate of information generation.

The mathematical and statistical content of the two theories are of no interest here. They cover only the technical level of communication, i.e. how accurately the symbols of communication can be transmitted. The problem of how precisely do the transmitted symbols convey the desired meaning, is not covered by any of the theories.

However, one of the conclusions from Shannon’s theory is that chaos contains more information than structure, the opposite of Wiener’s definition.

There has been a long debate among scientists whether a theory of information should deal with the problem of meaning. By doing so authors think they can link information with knowledge. Especially cybernetic theory lends itself to such interpretations but successors of Shannon have also suggested theories which add concepts of meaning to his theory.

The widely different views on what is really transferred - meaningless symbols or facts with a meaning - have left the label information open as a platform for all kinds of interpretations. By building on the cybernetic notion that structure contains more information than chaos it is often suggested that by adding more structure through analysis, selection and interpretation, information enters a higher sphere and becomes facts of knowledge.

Such hierarchies are suggested by several authors. Their concepts tend to be fairly similar and I choose to quote from one example, Barabba & Zaltman (1990) who are discussing the use of market research information and how one is to know whether the information are "facts" or not. They propose the following hierarchy: 

- **Data** (numbers, words),
- **Information** (statements),
- **Intelligence** (rules),
- **Knowledge** (combination of the levels below) and
- **Wisdom** (combined knowledge bases).

Shannon´s information on the other hand, must not be confused with meaning. His notion relates not so much to what you do say as to what you could say (or do not say).

> Information is a measure of one’s freedom of choice in selecting a message. The greater this freedom of choice, the greater the information, the greater is the uncertainty that the message actually selected is some particular one. Greater freedom of choice, greater uncertainty greater information go hand in hand. (Weaver in Shannon & Weaver 1959)

Both theories concern one medium and one sender/receiver relationship. Therefore none of the theories cover messages broadcasted from one sender to many receivers via a massmedium. In our massmedia rich societies, information is - from the receivers’ point of view - more like chaos than facts. Therefore Shannon´s infor-mation concept seems more suitable in this thesis, because it represents potential knowledge rather than knowledge. By articulating our knowledge into facts or information we move it into a potentiality, over which we have no power. In this light information should not be seen as knowledge when communicated via media, information is meaningless in itself. Meaning has to be constructed by the receiver.

The receiver of such potential knowledge will have to make a choice from a non-structured chaos. This kind of communication is quite different as compared with a tradition of knowledge according to Polanyi.

I thus see a clear distinction between knowledge and information, much clearer than common usage of the words implies.

What is the advantage in trying to make this distinction? First of all, it is a complement to Polanyi who regards knowledge transfer as a mainly interactive psycho-social mechanism. The entropy-like feature of Shannon-information fits better with present society than the cybernetic notion. The distinction further implies that it is not possible to assume a higher value on some information; “All information is equal and meaningless”, which is a simplification compared to the problems involved when assuming the opposite.

The main disadvantages is that Shannon´s notion of information is not commonly used outside the technical field. And, as with all distinctions and categories it is difficult to be precise.
2.2. Knowledge and the Concept of Power.

Polanyi does not discuss the relation between power and knowledge explicitly, it is beyond the purpose of his work. But in the previous chapters it is possible to see power in Polanyi´s metaphors describing knowledge in three ways:

Å. The concept of Knowledge transfer implies a direct power relation between individuals in the hierarchy of knowing. An individual thus takes three steps in liberation from the power of the master´s process-of-knowing, moving up in the hierarchy by:

1. first acquiring the profession by blindly obeying master´s interpretation of the rules,

2. then liberation from the master into an own interpretation and,

3. then on the highest level being able to bend the rules into new rules.

We might call item 1. the legitimacy of competence. It is the power often utilised by scientists, journalists and other professionals not holding formal positions. By using the legitimacy of superior competence they decide which metaphors will be used in human beings´ efforts to understand reality.

Ä. The concept of Tradition implies an indirect power relation. Human beings submit to the unwritten rules of behaviour of a society or accepts to behave within the values and rules of within a groups as found in organisations. An individual cannot exist outside a tradition. The tradition functions as from the outside imposed and/or accepted norms for the individual process-of-knowing.

The important feature of the norms of a tradition is not their psychological consequences but that they give people an identity. One identifies as someone by submitting to the norms. By breaking the norms one takes the risk of losing one´s identity. This is why the tradition itself exerts power over humans.

Â. The concept of Tacit knowing implies that we are subject to more power than we are consciously aware of. We are ruled by our own desires and our own taken-for-granted. It is also a more indirect power relation.

Items 2. and 3. above might be called the legitimacy to decide the agenda of discussion. Foucault (1965, 1973) points out that such power is independent of the actors and that it may not be traced to individual relationships. Foucault regards power as a concealed structure, which governs the thinking of human beings in a subtle and unreflected way. If one is to "see" this power one must therefore not look for "power" but for the rules of formation by which power manifests itself, the taboos, the contextual rituals. Who are allowed to be the initiators of the talking? Who define the "truths”? Who are the powerless? Who are allowed to exert the power of knowledge?

Daudi (1984), building on Foucault, regards the organisation as an arena on which the individuals strive for expanding their freedom of action. They try and reduce the freedom of action for others if it is necessary (or if they feel it is worth it) for their own expansion. Such a power relation is characterised by the fact that one actor (the subject) is able to get his own way with or against another actor (the object). Daudi is perhaps underestimating the desire of submission (as mentioned above individuals are often willing to submit to legitimacy) but his view is useful in cases where independent professional individuals share a common arena. It should also fit in cases where formal ownership is weak or evenly spread as in partnerships. Professionals, seeking professional autonomy, often see the power of managers and of other professionals mainly as a restriction on their individual freedom.

In this thesis I therefore see power like this:

Å. Power is primarily regarded as a relation between actors who guard or try to expand their space of freedom in order to reach autonomy. Such power relations might turn into concealed structures when seen over a long period of time.

The power aspect of knowledge is important because it is always there, even if it might be concealed. Any concept based on a conceptualisation of knowledge thus contains (at least) one power aspect and one knowledge aspect.
Three examples taken from the Affärsverlden case:

1. A distinction between Agentive and Intellective knowing was shown in two different patterns of action:
   The power of agentive knowing was to be the first to move by taking initiatives. The power of intellective knowing was to be the first to create a new powerful metaphor, which governed the process-of-knowing among the others.

2. A conflict between knowledge transferred via Professional or Organisational tradition was found in an area which existed between those involved in the infoduction process and those involved in "the rest": both groups wished to extend their space of freedom.

3. There emerged conflict areas within the Infoduction Process; individuals fighting over whose picture of reality was to be the dominant. I.e. there were conflicts between various professional experts.


2.2.1.1. Knowledge in Organisation Theory.

Organisation theory development influences knowledge in how to run a business, i.e. it is an important part of the "organisational tradition".

The concept of knowledge in organisation theory and strategy theory is mostly regarded as a function, or a managerial tool for performing a task in a relation with the environment. The concept of competence has therefore gained some attention. Organisation theorists distinguish competence as an organisational feature. Competence is often regarded as the link between Knowledge and Strategy, as the ability (power) of an organisation to implement or to act relative other organisations. Philip Selznick (1957) defines competence in relation to organisations as "distinctive competence", something like the "competitive advantage" of an organisation. Prahalad & Hamel (1990) build on the same tradition when they include the technical and managerial skills that enable an organisation to survive and call it "core competence". Snow & Hrebiniak (1980) define a number of factors ranging from top management to technology to distribution to personnel as "competence".

The presumption that a concept as a label in an individual context will be meaningful when used as a metaphor in an organisational context is however not without complication. The metaphor easily turns into a platitude - a dead metaphor that no longer gives meaning, it just defines a normal state meaning almost anything that is "good".

The constructivist view avoids that problem by keeping competence as an individual concept and seeing tradition of competence (and knowledge) between individuals as the key element in what constitutes "organisation". In this thesis competence is thus not something than an organisation "has". The usage of the word is further in the English tradition, as a subordinate concept to Knowledge or Knowing.

Examples of views on knowledge as a raw material in a production process acquiring, developing and selling knowledge are still rare. One example is Wikström & Normann (1992), who see the organisation as a knowledge processing system. The new developments in computer technology have given rise to recent organisation theories in which the concept of knowledge is based on information theory (Hammer & Champy 1993, Dawidov & Malone 1992). The information based theories tend to be quite normative, as is often the case in early stages of a new research field.

Research into professional service organisations sometimes relates to the non-functional aspects of knowledge. Consultants have been seen (Gummeson 1977, Wheatley 1983) as processors of knowledge, in a close relation with their clients. Also the Swedish so called Uppsala School (Hammarqvist & Håkansson 1982, Hägg & Johansson (ed) 1982) with their network view on organisations emphasises relations as a transfer of knowledge between customers and suppliers in manufacturing industries.

The cognitive perspective has inspired research into how individuals acquire knowledge, (learn) and how cognitive schemata and value structures function as limitations for learning. Focus is mostly on decision making. Insights from cognitive psychology have been quite influential in organisation theory because they explain "irrational" behaviour in terms of differing individual perceptions of reality. Organisation theorists have since the 1950s and Simon’s (1976) bounded rationality pictured the decision makers as satisfiers rather than optimisers. Much of the organisation theorists’ research into decision making depicts it as a messy, disorderly (Mintzberg 1980) and irrational (Brunsson 1985) process.
in which the decisions are difficult to distinguish (Mintzberg & Pettigrew 1990) or even taken at random (March & Olsen 1972). In this randomness individual actors are nevertheless trying to act “rationally” so the process may be characterised as an incremental process characterised by attempts to take rational decisions (Quinn 1980).

Two important lines of organisation research have tried to explain individual behaviour based on sociological theories and theories from cognitive psychology respectively. Theories about how we construct reality as mental models or schemata in our minds and how individuals enact their environment (Weick 1979, 1983) have been used to explain the anomalies and irrational behaviour in organisations. Such metaphors are used for research into how organisations change and “learn” by reacting to environmental forces and moving through stages of change.

The advantage of the cognitive theories is that they bring the individuals (at least the top managers) to the scene and that they explain irrationality in organisations in terms of individuals’ perceived or constructed reality. Knowledge is seen mainly as individual and is formulated in terms of rules, values and beliefs. There are however problems in using metaphors constructed from insights into individual learning and/or behaviour as metaphors for explaining how organisations change or “behave”. Cognitive theories tend to concentrate on the inner context or - at most - the link between inner and outer context. They therefore tend to regard the outer context - including the market - as an independent variable.

The cognitive perspective is closely linked to the cybernetic notion of information and the stimulus/response model. Such research often focuses on models for decision making. One of the most influential researchers in this area is Herbert Simon (1976, 1982). Metaphors based on information theory often give interesting insights into the opportunities that lie in information processing systems and have been of great help in creating computer systems for information processing.

Such theories however often suffer from the problems involved in basing their understanding of knowledge formation and information on cybernetics. Information is regarded as facts or even knowledge (i.e. by Simon 1971:179), so researchers have to develop theories for the problem of how information can be meaningful and meaningless at the same time. Irrelevant (Ackoff 1967) information, information relevance (Streufert 1973), information overload (Simon 1971), information rich environment (Simon 1971) and a distinction between news and understanding (Simon 1983:93) in mass media are examples of such efforts.

The cultural perspective in strategy and organisation theory is inspired by metaphors from anthropology. Organisational culture is often described (Alvesson 1993, Schein 1991) as the deeper level of basic values, beliefs and assumptions that are shared by the members of an organisation. They represent the taken-for-granted view among managers and employees as regards the organisation’s self and its environment. Therefore Gahmberg (1992) and Czarniavska-Joerges (1988) suggests semiotic tools for understanding the importance of symbols in strategic management and organisations respectively. The Affärsvärlden case underlines the relevance of symbols.

The popularity of the culture approach in the 1980s however, has brought some ideas which have been criticised, for instance that there should exist “ideal” cultures (Peters & Waterman 1982) that can be managed or that there exist certain types (Deal & Kennedy 1982) of cultures which could be linked to industries. Alvesson (1989) gives insight into the problems managers in a computer company come across when they try to manage their culture.

A special problem with the culture perspective is that it tends to regard culture as the least common denominator. The implicit paradigm is harmony and ambiguity Meyerson (1991) should be avoided. Especially the management “cook books” with a cultural bias tend to prescribe tight control and non-ambiguity as the goal of managing the culture. Culture is then often reified into something that an organisation has and the authors give quite prescriptive advice about what kind of culture an organisation should have in order to be successful. The cultural view on knowledge formation thus has much in common with both Polanyi’s notion of tradition (i.e. Schein 1991) and by the notion of reality as a social construction (Berger & Luckman 1966/1985).

This thesis is mainly inspired by constructivism. Organisations are thus not seen as real entities. They are seen as constructed in a constant process by people. If one looks for an organisation one will not find it. What one will find are events linked together. These sequences, their pathways and their timing are the forms we tend to make into objects when we talk about organisation. Most “things” in organisations are such relationships. Weick (1969/79) calls such response patterns double interacts.
The unit of analysis in organising is contingent response patterns, patterns in which an action by actor A evokes a specific response in actor B (interact), which is then responded to by actor A (this complete sequence is a double interact).

The verb *organising* therefore captures the notion better than the noun organisation. Weick (1969/79):

> Organising is first of all grounded in agreements concerning what is real and illusory, a grounding called "consensual validation", the things people agree upon because their common sensual apparatus deeply common interpersonal experiences make them objectively do so.

Much speaks in favour of this view, especially when regarding the information processing organisations. If one for instance combines Polanyi’s concept of tradition with Weick’s view of how organisation is constructed by individuals, one gets some clues to the problems involved when individuals with different traditions share the same arena, as they do in publishing companies. Many investors in organisations containing no "substance" have also become painfully aware of the ephemeral quality of knowledge during the period covered in this thesis.

On the other hand, individual action is to a large extent determined by what they perceive as the organisation. Actors behave on behalf of an organisation, they reward and punish in the name of an organisation. Individuals may come and go but the others keep organising. Organisations therefore survive individuals. A realistic view is thus that individuals tend to act as if organisations do exist. Therefore, it is often a practical assumption to treat organisations as real entities. Using Weick’s microprocesses as unit of analysis can be both unpractical and misleading for understanding the strategy of a whole company, for instance.

Still, a view with a constructivist bias is probably justified when interpreting processes and actions in the kind of industries I have in mind in this thesis. Throughout this thesis the noun organisation and the verb organising are therefore used as synonyms because it is impractical and not correct to discuss phenomena in terms of verbs or nouns only. Only one notion or a single perspective is not enough.

The problems involved in singular perspectives have encouraged researchers to integrate various schools of thought into "thicker" descriptions using metaphors from several perspectives. Morgan (1986) advocates that organisation analysis should use metaphors with several origins and distinguishes eight possible perspectives. By making typologies, Mintzberg (1978, 1979) tries to enhance understanding of complexity. Andy Bailey and Gerry Johnson (1993) advocate a view that combinations of six different perspectives are likely to cover strategy formation in most industries. Czarniawskaja-Joerges (1993) suggests three dimensions for constructivist research into organisations: the symbolic, the political and the "practical". Pettigrew (1985) advocates a contextual view by which he means that a process is dependent on context and that a perspective integrating both inner and outer context has greater explanatory power than single perspectives.

The integrating efforts however, tend to disregard all other key individuals except the top managers. Information processing as understood in this thesis is an activity which involves a high individual participation from both highly competent professionals as well as from top managers.

**2.2.1.2. Power in Organisation Theory.**

Power and political processes have traditionally more been the focus of sociology and political (Peterson 1987) science. The western political sciences are interested in reconciling divergent interests in democracy without violence (Weston 1978). The political view assumes an open system, conflicts are not "explained" by political theory. Conflicts are seen as normal and order must be imposed by an authority which has a monopoly of physical violence.

Internal decision processes and the interaction with outer environment can be described as political processes. The focus of analysis is on conflicts of interest and power relationships between individuals and groups of individuals. The analysis concentrates on the actors (Pfeffer 1992) and their actions. Their relations are understood in terms of power relationships and depending on the individual and collective capacities (Mintzberg 1983) for dealing with such relationships.
The stake holder model has been influential in the political perspective, i.e. the organisation is seen as an entity in an environment affected by both internal and external stake holders; individuals, trade unions, clients, shareholders, suppliers etc.

The concept of knowledge is often implicit in the texts and when explicit - tends to be formulated in terms of its function (see competence above), as a power resource to reward or punish (Peterson 1987, Morgan 1986) or as a position (Pfeffer 1992).

The advantage of the political perspective is that it is close to the day-to-day reality of the managers who always feel influenced by the wishes of various stakeholders. It is also dynamic since it takes into account that the power of the actors differs according to the situation. The managers know that they must be able to play the political game (Crozier 1964) in order to get things done or in order to reduce their own uncertainty. This is probably one of the reasons why the political view has got renewed attention lately as the key element in how to implement decisions.

The cultural perspective acknowledges power play because it suggests that managers are influenced by competing subcultures (Mason & Mitroff 1981) and that these a/o form a organisational frame of reference which governs the way decision making is done.

2.3. **Summary.**

The information processing organisation is constituted by the process-of-knowing of individual actors. Their process-of-knowing can be described as a hierarchy. The most competent individuals are able to influence others by changing the rules of knowledge formation. The actors transfer knowledge within two main traditions of knowledge: professional and organisational. It is a direct transfer of rules and values similar to an interactive master-apprentice relation. The boundaries of their knowledge transfer determine what they regard as the organisation.

Their interactions tend to be divided in the two traditions which make their organising efforts develop along two conflicting paths. This may be understood as a conflict over freedom of space between the actors of the two traditions.

There is also an indirect transfer of knowledge in the form of manuals, agreements, and other formats which survive individuals’ coming and going. They function as boundaries for the process of knowing of individuals. They also function as boundaries of organising.

The process-of-knowing of the professionals is influenced by the professional tradition, which in the Affärsvärlden case were two: journalism and financial analysis. The professionals use their tacit knowing in the production process. The outcome of the process can be transferred as articulated tacit knowing in the form of information, like articles, magazines, written or oral reports, seminars or books. Another way is to transfer their process-of-knowing to customers in an interactive process in a direct relation with clients.

The other actors, (management, marketing, sales, administration etc.) are mainly influenced by another tradition, here called the organisational tradition. They use their process of knowing in organising for what they regard as organisation intact and prospering. Their knowing is determined by formal legislation and their own systems for knowledge transfer. The boundaries of their systems of knowledge transfer determine how they regard the boundaries of the "organisation".

This chapter is a summary of the Affärsvärlden case primarily in quantitative terms. The full case description in Book 2 is mainly qualitative, as are the illustrations from the case in Chapter 4.

I distinguish five phases in this summary of the Affärsvärlden case.


2. The Founder Phase 1975-1979, when a new team took charge and began to develop the business and a new organisational structure.

3. The Expansion Phase 1980-1986, when the team took over from the trust, formalised as a partnership and diversified the business via joint ventures.

4. The Retreat Phase 1987-1990, when the strategies were reversed and the competition got tougher.

5. The E+T Phase 1990 - > 1993, when the partners merged with the technical publisher Ingenjörsförlaget and the international publishing network Eurexpansion. In 1994 the partners then finally sold their holding.

The Case description concentrates on the three phases covering the period 1975-1990.


Affärsvärlden was founded in 1901 and is today the oldest surviving business magazine in Sweden. One of the founding fathers was Marcus Wallenberg. Affärsvärlden was not the only magazine started in those booming days but none of the others survived for more than a few years.

The first editorial idea was to write both analysis and news. In 1910 Emil Fitger was hired as the new editor-in-chief. He was to remain the editor and main owner all until 1953 when he died from a heart attack in front of his typewriter.

The magazine had become synonymous with Fitger and was folded but revived a few weeks later by Arne Nilsson who acquired the magazine with some support from the Wallenberg family. He ran the magazine with considerable financial success until 1965 when Bonniers launched Veckans Affärer, on a concept inspired by Business Week.

Veckans affärer had the best available journalistic staff available, appeared in colour and immediately reached a circulation of 25,000. The launch more or less knocked out both Affärsvärlden and Finanstidningen which both had circulations of 4-5,000. The two ancient looking magazines merged and were taken over by a trust. The founders of the trust were a number of the largest companies at that time in Sweden. The merger was no success, the circulation remained at 5,000. With a cost structure trimmed to the bone, the merged magazine Affärsvärlden/Finanstidningen managed to survive until the end of 1974 when a new crisis questioned the survival of the company.

The editorial staff in 1974 consisted of four people. Two of them got other offers and left. The trust had no equity left. The remaining staff in the beginning of 1975 consisted of two journalists, one administrative support and one salesman. The Trust was faced with the decision to fold the magazine.

This was the situation in the spring 1975.


The 1970s was an era when the Swedish economy was regulated and when politicians expanded their influence over the economy. The labour markets got a large number of new laws increasing the employee’s right compared to the
employer’s. "Industrial democracy" and the law of co-determination (MBL). It was an era when even non-socialist (1976-1982) governments socialised.

Despite its dependence on international trade, Sweden was rather insulated and wanted to build its own future. Sweden made the decision not to join the EEC in 1971 without any debate.

In 1974 the world was hit by the first oil crisis. The oil crisis sent an inflation burst through the whole world and Sweden experienced double digit inflation rates for the rest of the decade. Because of the regulated economy the interest rates did not follow the inflation and Sweden had a long period of negative real interest. Real estate investors made their first speculative billions.

The industry had some tough years. The government tried to save the shipbuilding industry and the steel industry with heavy subsidies but failed. Sweden devalued the krona in 1978.

Each year of the 1970s was also marked by a tax increase. The combined effect of inflation and income tax increases pushed a large proportion of Swedes into marginal tax rates above 70%, which encouraged tax evasion. One important loop hole was to find means for converting salaries into capital gains which were taxed much lower. It also encouraged property investments, since the inflation profits on property were taxed with the lower rate, whereas the negative real interests on loans were tax-deductible. Sweden became a country of property speculators and tax evaders during the 1970s, which was to have profound effects on the next decade.

One might say that the 1970s lasted 15 years from 1968 until 1982. The last year of the "decade" was celebrated by a last attempt of the traditional policy from the new Social Democratic government, the Wage Earner Funds.

In 1975 the Swedish financial markets were a slumbering and strictly regulated sector. This situation prevailed until the early 1980s when first the stock market took off and a few years later currency regulations were lifted. In 1970 some 38 000 people were employed in the financial sector in Sweden. The growth rates were quite high despite the regulation.

The banks grew by 40% between 1975 and 1980.

In the golden decade 1980-1990 the number of people employed increased by almost 50% in the financial sector. One might say that the international "golden decade of the 1980s" existed for seven years. It started with President Reagan’s tax reductions in 1982 and ended with the fall of the Berlin wall in November 1990. It was an era of speculation, conspicuous consumption and recklessness all over the world.

Assisted by new technology the turnover of money increased. The global flow of money over the national borders trebled to 1500 billion dollars between 1980 and 1991.

Two big Swedish devaluations of together 25%, the first in 1981 the second in 1982 made the profits of the export industry shoot up. Stock prices shot up in an incomparable pace. The Stockholm Stock exchange was further vitalised by an infusion of capital from new Wage Earner Funds and funds with tax incentives. Property prices increased by eight times during the decade and the financial sector boomed.

Sweden experienced even more volatility during the golden era than other countries because the Social Democratic government dared to deregulate the currency and the capital markets and change the "perverse" tax system in the same period 1985-1989. The regulations were a heritage from the war and had been kept because they were a convenient way of exercising political power over industry and commerce. There were very few Swedes living in 1985 who had experienced an unregulated economy.

The labour market got overheated, Swedish salaries increased 30% more than the OECD average and households increased their spending. Restaurants and hotels were the two most rapidly increasing industries in Sweden and internationally. Swedes’ spending was due to the fact that they stopped saving, from a savings ratio of 4.8% in 1980 to a minus 5.1% in 1988.
The growing financial sector was thus the first of the two most influential forces that moved the markets for financial information from a stage of sleep 1975 into a boiling frenzy only ten years later.

The second force was the development of the stock market. After a decade of sleep in the 1970s Sweden’s stock market exploded in the 1980s.

Figure 3. The stock market went through a metamorphosis.

Figure 4. The advertising markets increased very rapidly until 1989.
The third force were the advertising markets: The advertisers found a new interesting group of potential buyers of their goods and services: businessmen and the financial sector.

Between 1975 and 1980 the trade press moved in line with the rest of the media, outgrowing. During the 1980s the trade press moved with higher volatility than the rest of the market. The boom period for the trade press was the last half of the decade. It peaked in 1989 at double the volume compared to 1982.

The advertising aimed at the financial sector was small but growing much faster. There is no break down analysis available in the official statistics. The general development of the business press is thus unfortunately not possible to distinguish but the combined advertising revenues for Veckans Affärer + Affärsvarlden below give an indication.

Business advertising segment was a healthy growth segment during almost the whole period 1977-1990. The trade press was severely hit by the recession in 1981-82, but not the financial and business segments. The recession can be noticed as a small decrease in the combined AFV+VA numbers although AFV kept the growth. Veckans Affärer was a financial success story in 1975 and remained so all until the end of the 1980s. Dagens Industri was suffering from an unclear editorial concept until 1983 but was not a loss maker. The other small magazines on the segment were small and had insignificant advertising revenues.

![Graph](image)

**Figure 5. The two Business weeklies increased their combined advertising revenues every year from 1977 until 1990, with the exception of one year. (1983 figures for VA are lacking).**

### 3.3. The Founder Phase 1975-1979.

The climate was not favourable for finance when the Affärsvarlden founders started their venture in 1975. Swedes were still living in the aftermath of 1968 and the best and the brightest of the young people wanted to work in the public sector. The financial sector was a labour market for the old and the odd and this was particularly the case in the minuscule sector of financial and business information.

The number of financial journalists at this time in Sweden was no more than fifty. Most of them had no academic degree in finance or economics. Veckans affärer had about half of them, the rest were spread among the dailies. Sweden’s biggest daily Dagens Nyheter had a staff of 5 financial journalists. Including the new recruitments, little Affärsvarlden employed six, all of them with academic degrees and all of about the same age 28-31.
The new staff at Affärsverlden decided to do a big relaunch and managed to get hold of the subscription register of the old GHT, a business daily that had been folded two years earlier. It was a success. They increased the paid circulation by 23% to 7,000. (In fact no campaign was ever again to yield the same result). By an amount of luck, personal risk taking and entrepreneurial drive the small new team managed to establish themselves as an alternative to Veckans affärer.

Without planning for it, the young Affärsverlden team hit a growth trajectory that pulled them forwards at a frantic pace. Affärsverlden in the years 1975-1979 could be labelled a typical "rapid-growth surfer" (Ahrens 1991) with growth rates of between 38% and 69%. The team had no means of forecasting their rapid growth. They did not dare believe that it would continue so they were careful with new recruitments and fell a step behind all the time. They had very hard work just filling the increasing number of pages.

![Shares of Readership in 1973](image)

*Figure 6. Affärsverlden in 1973 was a very small actor on the financial information market compared to the dailies and Veckans affärer. The Bonnier Sphere dominated the market.*

During these first years the values were firmly established as a balance of dichotomies. The question of how the team would organise themselves, i.e. the question of Power created tensions. The strategies emerged as an organic learning process. They established a notion by which Affärsverlden was the core from which other information products would be spun out. But some were also doing some analytical consulting.

The supply of journalistic/analytical Knowledge became an all important issue, especially as the talent they needed was so scarce on the market. The profit sharing system was established, primarily for allocating the value created but it also proved to be a very powerful competitive tool for recruitment. This system plus their growing reputation as the professionally best financial analysts on the market made it possible to beat other magazines and newspapers on the Know-How Market.

They were inexperienced as publishers but developed their own approach to most issues including organisational knowledge, which was not seen as sufficient.

The favourable trend for the magazine Affärsvärlden continued all through the Expansion Phase. The magazine grew in volume each year, increased both staff and profits most years, albeit at a slower rate towards the end of the period. The strategy of the magazine was kept firm and was never challenged. One might say that the team during this Phase tried to repeat the success of Affärsvärlden on other markets, through a diversification strategy with Affärsvärlden as the core. The diversification was primarily made as joint ventures because of the small size of the Affärsvärlden organisation.

There were three different tracks of diversification:

- New magazines or newsletters, Sweden Business Report, Ledarskap and Affärer&Företag, were based on journalistic knowledge.

- New consulting businesses, Aktiemarknadsbevakningen, Consensus and Findata were founded on analytical knowledge.

- Efforts in Norway and an investment in UK based Financial Weekly were based on the desire of some of the partners to become more international.

At the same time the team tried to make the organisation more "orderly" by:

- The construction of the Partnership and their own limited company.

- The build up of a formal power structure with separate functions for owners, board and management.

Figure 7. The revenues increased each year but stagnated towards the end of the period. Affärsvärlden Magazine was the dominant revenue and profit maker all through the period.
The journalistic/analytical work - infoduction - was heavily influenced by the growing computer technology. The first technology was the mini-computer era 1983-1987. New technology arrived with the introduction of the PC and the computer became more of an individual tool encouraging new business and new information products based on analysis.

Affärsvärlden remained as the core both in terms of revenues, people employed and profits.


In the autumn 1986 Consensus crashed and sent a shock wave through the whole organisation. Ledarskap had simultaneously surprised with an unexpected big loss for the financial year ending April 1986. The Findata team were beginning to complain. The reports from Financial Weekly were a never ending story of disappointments. The new small business magazine Affärer & Företag was also a disappointment. Still, the core business, the magazine Affärsvärdlen, kept ticking in profits.

During the Retreat Phase many of the "old truths" were questioned. Even the partnership strategy seemed to have lost its relevance. It had lost its competitive edge on the Know-How Market for talent and some of the old partners seemed tired of being owners. The management made an offer to the partners to buy out the company but did not achieve full consent.

3.6. The E+T Phase 1990 - >.

The strategic position of Affärsvärdlen in 1989 was not good. Bonnier's daily Dagens Industri had become dominant on the market and had pushed the two weeklies Affärsvärdlen and (their own) Veckans Affärer away from the advertising markets.

Dagens Industri could display very healthy readership growth. The recently launched other daily Finanstidningen, owned by private investors, was also growing, albeit from a loss position. Affärsvärdlen's circulation was still growing, but slowly now.

The business readers seemed to prefer faster media. The advertisers preferred to advertise in the biggest media. The large scale operation of Bonnier gave them advantages on a market that more and more had turned into an advertising business.

The market forces were assisted by the taxation policy in Sweden. For political reasons, the dailies were favoured by:

- Exemption from 25% VAT.
- Distribution subsidies.
- Lower advertising tax, 3% against 10% for weeklies.

The taxation policy was neutral in the fight between the two weeklies but it favoured Dagens Industri which was classified as a daily eligible for subsidies, despite its high profitability. Taxation policy also favoured the new computerised media and thus enhanced the trend towards a faster pace on the information markets, by putting especially the slower media in an awkward position.

The market for the trade press in 1990 was roughly SEK 1500 mill. It could be divided into two main segments, business press 750 mill and technical press 750 mill. The revenues came from two sources, advertising (70%) and circulation (21%). It was thus an "advertising business". Advertising in the business segment had grown rapidly whereas it was more or less stagnant in the technical press segment.

Bonniers dominated the business press segment with a market share estimated at about 75% of the combined revenues in that segment. Affärsvärdlen (AFV) as the second, had only 9%.
The technical press segment was much more fragmented. The largest player was Ingenjörsförlaget with about 23% of the revenues. Number two was the rapidly growing CW-Communications with computer magazines.

A picture of the market is shown below. Most publishing companies were involved in other areas than trade press. The technical press segment was dominated by "non-professional" publishers, with an interest in sending information, like the professional associations. Two engineers’ associations owned Ingenjörsförlaget. The medicine profession owned the biggest medicine magazine, the farmers’ association (LRF) owned the press involved in farming and forestry etc. The trade press publishing market was thus a main activity for few of the competitors. Affärsvärlden was the only publishing company active on no other markets outside the business trade segment and with no "sender” as owner.

Affärsvärlden’s implemented strategy since 1980 could in the light of 1989 be described as an effort to diversify out of a corner position. The effort had failed. What could be done? The solution was found to be a merger with Ingenjörsförlaget. On August 28th 1990, the two engineers’ associations, Civileingenjörsförbundet and Ingenjörssamfundet signed the formal agreements with the Affärsvärlden partnership and Eurexpansion forming the new Ekonomi + Teknik Förlag AB.

The new company had an ambitious and expansive business plan. The intended strategy was to utilise the combinations between the two companies. E+T Förlag was to defend Affärsvärlden’s position on the business segment and to expand on the technical segment by acquisitions. Only a couple of weeks before, Saddam Hussein had invaded Kuwait. The actors on the world markets held their breath, which was sufficient for the overspeculated financial markets to collapse.

**Figure 8. The trade press market in 1990 was divided in two segments of approximately the same size.**

The advertising markets followed suit and began to cut back at a very fast pace. The new management of the young E+T Förlag had to react very fast, reversed (some of) the intentions and had to reduce personnel, rather than the opposite.
Figure 9. The new E+T Förlag was created through a merger in 1990 between Affärsverlden Group and Ingenjörsförlaget. It became the second biggest publishing company in the trade press sector after Bonniers. The combined sales according to the first budget was 220 Mill

The first budget of the combined publishing companies for 1990/91 was revenues of 220 million and profits of 16 million. The year ended in 191 Million revenues and E+T Förlag suffered a loss of 8.3 Million after extraordinary items amounting to 21.9 Million.

In 1993, after three years of consecutive fall the markets hit bottom at a level that left E+T Förlag with revenues of 145 mill SEK and a management that was proud to display a profit of 6.3 mill for the financial year of 1992/93. The following year the profits soared again and reached almost 25 mill in the financial year ending August 1994.

The Eurexpansion Group (owning 30% of Eurolink, thereby controlling 15% of E+T Förlag), however suffered even more than E+T Förlag during the crisis and decided already in 1992 that they wanted to sell their holding. After almost one year of negotiations, the solution was to sell all shares including those owned by the remaining Affärsverlden partners to Liber AB, a 100% subsidiary of Dutch Wolters Kluwer.
3.7. Affärsvärlden <-> Veckans affärer in Numbers.

In 1976-77 Affärsvärlden was the small runner-up on the market with six journalists and total revenues of 5 mill. Veckans Affärer had 30 journalists and revenues of 25 mill.

![Circulation 1966-1992 graph](image)

Figure 10. The official circulation figures of the two main contenders Veckans affärer and Affärsvärlden. The new team of Affärsvärlden in 1975 hooked on a growth trend that had started already a couple of years before. Affärsvärlden was gaining market share all through the booming 1980s and the depression starting 1990 hit Veckans affärer hardest.

The volume development of a journal can be described in many ways. One is circulation, i.e. number of subscribers, another is readership, i.e. number of readers, a third is number of pagers printed.

There are distinct economy-of-scale advantages in the technical production of newspapers and magazines, which act as efficient entry barriers for smaller competitors. The starting set-up is costly whereas the marginal cost for printing one more copy is often no more than 10% of the average print cost.
Figure 11. The total number of pages printed and distributed is an indicator on the economy of scale advantage. In the 1960s and 1970s Veckans affärer printed six times as many pages as Affärsvarlden. Towards the end of the 1980s the difference had shrunk to twice as many.

This economy-of-scale effect can be seen below. In 1983/84, printing one of Veckans Affärer’s 204 000 full colour pages cost 8.5 öre, whereas as one page of Affärsvarlden’s 73 000 pages (with less than 50% colour) cost 11.9 öre, a cost disadvantage of almost 30% for Affärsvarlden. Despite sinking production costs for both magazines, the relative printing cost disadvantage remained during the whole decade.

The small journal Affärsvarlden therefore had no alternative but trying to beat the big player on the other costs. This meant less resources for editorial staff and for other costs. This was the only strategy that Affärsvarlden could possibly choose in 1975.

The strategy implied heavy work load for the Affärsvarlden journalists, however. They were writing twice as many pages as their VA-colleagues: in 1983 133 pages per year on average as compared to 62. The editorial costs per printed page in Affärsvarlden therefore amounted to a mere 7.9 öre as compared to Veckans Affärer’s 13.7 öre in 1983/84. This difference in editorial productivity remained the whole decade, even if the productivity went down for both. In 1990 Affärsvarlden’s journalists were writing 114 yearly pages compared to 54 for Veckans Affärer’s.

The strategy of Affärsvarlden paid off when the depression years hit the two magazines in 1991. Affärsvarlden could fend off the drop in advertising by rapidly reducing pages, whereas Veckans Affärer was caught with its higher break-even level because of more costly lay-out and larger staff. VA had to publish its first negative operating margin since the launch in 1965.
Figure 12. Affärsvärlden compensated for Veckans Affärer’s economy-of-scale in technical production by having a low-cost strategy on editorial costs.

Veckans Affärer was in a much more awkward strategic position in 1990 than Affärsvärlden.

Figure 13. Affärsvärlden was able to keep a higher profitability in relative terms than the main contender Veckans affärer during most of the period. The difference increased in the first depression years of the 1990s.

The concept of the journal was to be “newsy” and “glossy” and the yellow news pages had a high reputation. The faster media had taken the news niche and Affärsvärlden was firmly positioned in the analysis niche. (See also Chapter 4.4.2.1.). In the spring 1994 Veckans Affärer was relaunched with an entirely new concept.
The operating profit levels of both magazines peaked in 1985-86 at a level around 30%. Thereafter, the success of Dagens Industri squeezed the margins and the best days were over.

Figure 14. Veckans affärer was double Affärsvärlden’s size in absolute terms, revenues and profits during most of the period.

The profit development of Affärsverlden Group was favourable all through the fifteen years covered in the thesis. Rather little of profits was distributed as profit sharing - a maximum of one month’s salary. The main parts of profits were retained or put into new projects. The core was the magazine Affärsverlden, while most new businesses contributed only negligible amounts or amounted losses.

Affärsverlden Group had a favourable profit development all through the period. "Internal" profit is the profit calculated internally before extraordinary items. The losses incurred by the start-ups and diversifications were generally small, with the exception of Financial Weekly, which cost 6,5 mill over a period of four years. In 1985/86 the losses in Financial Weekly and A&F were written off as extraordinary items and in 1987 sales of the shares in Findata added a capital gain.

Figure 15. Net profits after financial net.
4. INTERPRETATION OF THE CASE

In this chapter I interpret the case by asking these questions:

4.1. What was the role of knowledge in processing information?
4.2. How did the dichotomy between Professional and Organisational knowledge traditions develop?
4.3. What was the role of knowledge transfer in organising?
4.4. What was the role of knowledge in the relation with markets?
4.5. What was the role of knowledge in strategy?

4.1. The Infoduction Process.

What was the role of knowledge in processing information? I regard the core process to be the journalist writing an article.

The world of business can be regarded as a chaos of physical objects, people, empirical data, facts, other people’s knowledge, theories, etc. The task of the journalist is to first translate this chaos into something that he or she understands himself. This tacit understanding is then to be articulated via a text to a number of readers.

The work usually starts with reading other journalists’ articles. There is thus an ability to read texts filled with “economic jargon”. This intellectual skill involves one part that comes from vocational training, (perhaps an academic degree). To be a fast reader (glancing through a text at high speed and still grasping the content) and to know how to read foreign languages are intellectual skills that probably are partly personality traits but which can be improved a lot by practise. To be receptive, fast absorbing relevant facts are very valuable skills for a journalist.

Much of the journalistic know-how is to interpret the context in which other texts have been written and to interpret the answers from the interviewees. The “suspicious mind” is a know-how almost entirely acquired by experience. When was the text written? Why, for what purpose? By whom (what vested interest)? Also the ability to write texts is similar. We learn the rules of writing at the age of six and spend a lifetime to master them.

There is also a social agentive know-how involved. The best journalists develop sensitivity and empathy as tools for understanding as well as creating an atmosphere of trust. They listen much more than they talk and the senior business journalists therefore often become trusted confidants (!) to top managers who are very lonesome in their roles and in need of neutral advice. The ability to entertain a network of good and friendly sources in the right places is important and the personal network is guarded as the most valuable asset of any journalist.

The journalist tacitly knows many of the elements involved in the article. This is focused during the process. Many of the facts about the companies involved, their track record, perhaps their latest forecasts, who their managers are etc. are probably already tacitly known. This knowledge is first used as a subsidiary tacit knowledge in the focusing process preparing for gathering more information. The tacit knowing guides the search for new information and the questions for gaining new knowledge.

The outcome of the information gathering is an abundance of information. The information is reduced and structured into as short texts as possible using the journalistic techniques. The techniques are intended to help the writer to penetrate noise and to reach the reader’s eye through information chaos. One of the tools for this is “the peg” or the angle. Metaphors, which might capture a lot of meaning in only one word, are also used as tools. People skilled at producing “sound bites” or catchy metaphors therefore receive more attention, because they help the journalist in making the text more interesting both to write and to read.

The article must be written so there is a manual agentive skill involved: typing, i.e. how to move the fingers on the key board as fast as possible. Practise is the only way to improve the skill. The typing skill becomes tacit knowledge ”sitting in the fingers”. The tacit typing skill improves reflection. Many journalists ”think with their fingers”.
There is an element of creation - and thereby inevitably emotion - involved. The ability to bend the rules of the language is an aesthetic art a combination of the technique of the hand, the rules of the grammatics and the disobedience of the mind. The outcome is not given on beforehand and this gives the journalist something like a "creative kick", perhaps comparable to an artist’s or a scientist’s. The most competent journalists are even able to articulate their tacit knowledge in such a way that the readers are emotionally moved.

The structured text in the article however contains less knowledge than the writer knows, less information than the writer acquired and less information than the real world. The words of the final text do not contain the full tacit knowing of the writer, only an inaccurate reduced structured version (articulation) of it. (C.f. the discussion about information in Chapter 2.1.3.1).

I call this process Infoduction. The metaphor has an intentional double meaning derived from Information plus both reduction and production. The production of articles in magazines or texts in other media can thus be seen as an infoduction process.

Definition of Infoduction: Information chaos is being reduced to structure by an individual’s process-of-knowing.

The notion of infoduction therefore gives a plausible interpretation of the common conflict over the difference between the journalist’s version and the actor’s version of the same event. The two versions can never be the same.

This is because the reader reads the words, but since he/she can not read the writer’s mind, the reader’s tacit knowledge will blend with the writer’s articulated knowledge and form the reader’s own individual tacit knowing. The reader’s new process-of-knowing can never be the same as the writer’s, not even if they were present during the same event. How close their knowing will be, depends on whether they share the same tradition, language, education, etc. This difference has nothing to do with the technical communication, the noise level etc. - the difference occurs because of the limitations of our language to convey reality.

Texts are thus not very efficient vehicles for transferring knowledge. It also follows that facts, news etc., conveyed in a text are not objective since they have been mixed through two tacit processes, the writer’s and the reader’s. The reader must reconstruct the meaning in a tacit process and since the writer and the reader are not in direct contact much of the writer’s intended meaning gets lost.

Most of the work that journalists do is connected with acting with their minds rather than acting with their bodies. It is intellective doing rather than agentive doing. Of course the Affärsvärlden journalists and analysts talk a lot with other people. But for most of the time their body presence is not crucial even when talking or listening.

Another ability is to ask questions that the interviewee dislikes or to be persistent against people who try to conceal facts. This agentive "hard-headedness" is partly acquired through training into the journalistic tradition, partly a personality trait. The journalist also develops the natural human curiosity into a (fine?) art, thriving on the unusual, the extreme, the conflicts and the accidents.

To be a financial journalist is to try to master two professions: a financial/business analyst profession and the journalistic profession with overlapping but different traditions and values.

The financial journalist is therefore not fully socialised into any of the two traditions. In addition, the interaction between the top managers of the companies and the financial journalists are often very close. The financial journalists become very dependent on some of them. Friendship has corrupted many journalists. For the financial journalists there is also money corruption involved. A piece of information received a little earlier than the stock market can be worth gold. The journalistic ethics should in principle hinder abuse but there are always weaklings. The financial analyst is even further away from the journalistic ethics and may thus more easily fall victim to the temptation of insider trading.

4.1.1. Productivity in Infoduction.

A simple measure of productivity in infoduction:productivity is the number of written pages per person (See Chapter 3.7).
Why was Affärsvärlden’s journalists productivity twice that of Veckans Affärer’s through out the whole period of 15 years?

One factor was the lean format of the magazine (see chapter 4.5.1) which, compared to Veckans Affärer, used less input of human effort into design, pictures etc. I estimate that about one third of the difference in productivity was due to this difference (measured as the difference in numbers of people involved in such work).

What role could knowledge have? One obvious factor was the high academic level of the Affärsvärlden journalists compared to those of Veckans Affärer. (See further Chapter 4.4.2). One of the aims of academic education is to improve the individual’s ability of induction. The academically trained journalist/analyst in Affärsvärlden was able to ask more penetrating questions, to move faster towards the critical issues and to make more work at home through reading and analysing the figures, than the less educated journalist in Veckans Affärer who had to rely on finding the right persons to ask.

Given the academic level of the staff, Affärsvärlden’s focus on analysis rather than news therefore paid off. An third factor behind the difference in productivity was therefore Affärsvärlden’s focus on analysis, which the academically trained journalists were able to do much easier than Veckans Affärer’s.

It is more difficult to estimate the effect of such knowledge on productivity, but I assume that about half the difference was due to the higher education level of the Affärsvärlden journalists/analysts.

During the Founder Phase this advantage in productivity was further enhanced by the long hours put in by the Affärsvärlden staff.


The rapid development in computer induction:technology during the 1980s had profound effects on the infoduction process and affected both the journalistic and the analytical process-of-knowing.

4.1.2.1. Impact on Journalistic Process-of-Knowing.

The journalistic process-of-knowing was influenced by the computer in two major ways.

Â¹. The computer replaced the typewriter as the individual tool. Many of the journalists found to their surprise that the word processing program liberated their creativity. They were no longer restricted by the sheet of white paper in the typewriter and the need to produce a clean manuscript. Since structure could be introduced afterwards, writing turned into an interactive reflective process within an seemingly unlimited space.

Â². Page make-up is the process by which full pages are designed from material like texts, advertisements, pictures, lines, logotypes etc. The first "Gutenberg:" generation of this technology was based on physical material like wood, later metal and physical tools for handling the material.

Affärsvärlden changed into the second generation paper based phototype setting in 1978 which was late compared to the larger competitors. The most important tools were physical, wax and knife. The process was speeded up and there were no more trips to the printing plant Katrineholm. But the articles were still typed twice.

The third generation arrived in the mid 1980s. The page make-up was now entirely made by the computer. The text could be entered straight into the computer and transferred into the typesetter. The tools were now entirely abstract and had to be mastered intellectually, not agentively.

Printing had never been considered a strategic issue at Affärsvärlden until the third generation. A "strategic line" between the editorial staff and the printer had been drawn already in the early 1970s, partly probably because the board of the Foundation did not want to bring the conflicts with the graphic profession into the house, partly because printing was an entirely different knowledge and very far from journalism.
Other magazines and the big newspapers switched over into the new page make-up technology as soon as it was available after some fighting with the graphic trade unions. But despite the opportunities offered by the new technique Affärsvärlden kept the line. Management knew that they did not master the graphic process-of-knowing and they did not want to recruit it in order not to bring in a new professional knowledge with its potential dichotomy.

It was not until 1990, after the merger with Ingenjörsförlaget that Affärsvärlden acquired the fourth generation of the page make-up program, now in the personal computer and with the "mouse" as the tool.

The transition was not felt as a major step. The main reason why the decision was not difficult and why it went so well was probably that the latest technology had become very well suited for the intellective capabilities of the Affärsvärlden staff. The technological development had turned the demand for agentive knowledge transferred into a demand for intellective knowledge. Almost all of the agentive knowledge of the graphic profession was now handled by the computer.

This transfer in kind of the demand for knowing made it possible for Affärsvärlden to move the editorial room closer to the printing shop without moving people physically. (Affärsvärlden still had the same printer in Katrineholm). The Affärsvärlden journalists were able to increase their graphic knowledge with the aid of the computer and they were able to do things that they were unable to before with the texts. The lay-out of the magazine was also improved and speeded up since the graphic work was now made in conjunction and integrated with the page make up.

It is also possible to distinguish an age difference in how the new computer tools were accepted. That the older seemed to be more reluctant than the younger was no surprise. But I think today that the reason was not simply that the younger generation were more "computer literate".

The new word processors, took time to master and some of the experienced in Affärsvärlden journalists avoided them because they sensed a reduced efficiency. They already knew how to type fast and they knew how to write an article “in their mind”. They had developed a number of personal rules and patterns of action that worked very efficiently for them. To change this tacit knowledge involved a great effort, which they naturally avoided. The young reacted differently to the computerisation, because they had no tacit knowledge that hindered them.

For the same reason the new databases were also used very little by the older journalists because the efforts of learning the commands were not considered worth the time compared to phoning the well established network.

4.1.2.2. Impact on Analytical Process-of-Knowing.

The analytical process-of-knowing was partly computerised already in 1978 with the assistance of Findata. The computerisation process can be illustrated by the Investment Indicator.

The Investment Indicator began with one journalist subordinating to the rules of a competent "master" analyst in the mid 1970s. The apprentice transformed the rules into an articulate system of tables, the Investment Indicator. The inventors of the Investment Indicator had the legitimacy of competence to change the tables at will (and often did in the beginning to "fit reality") but the analysts after him made more and more strict categorisations. When the companies did not publish figures in suitable format, the analyst had to call them and ask for the numbers or make own assumptions, "fill the empty cells".

When they computerised the rules of calculating (in a mini-computer 1978) it reduced the time they had to spend on calculations but they also lost the power to change the rules without calling in additional professional assistance. They found that the computer and the computer specialists became involved in their analytical process-of-knowing. The table had begun to rule the analyst rather than the other way round.

The PC-technology (from 1984 onwards) gave the power over the process-of-knowing back to the analyst and also made it possible to open up the analytical models for individual experiments. The spread sheet technology enabled Affärsvärlden analysts to cover much larger infoduction volumes. This in its turn gave rise to new applications of the analytical models and new business opportunities (analytical supplements), which generated new revenues.

However, during periods when the analytical competence of Affärsvärlden was weakened, no-one existed to question the categories and the Indicator was felt to loose in relevance. During periods when the categories met internal
challenge from competent analysts the categories were changed, i.e. it was by changing the rules of knowledge formation that the process-of-knowing was changed. This could only be done by competent analysts.

4.1.2.3. Impact on Productivity.

The productivity of Affärsvärlden’s journalists went down by 15% between 1983 and 1990, that of Veckans affärer by 13%. The two magazines increased their volume of pages, but the staff increased even more. This was a period of most intensive technological change in the graphic industry. One would therefore have expected a productivity improvement. Why did this not take place?

The main reason is probably that the writers used the new technology for processing more information than before, i.e. their infoduction level increased. The journalists of both Affärsvärlden and Veckans affärer were thus reducing more information in 1990 than in 1983 in order to write the same amount of articulated text. Productivity measured as the volume of reduced information per hour therefore probably increased, whereas the output of structured text per person remained the same or went down.

Financial journalists today say that the competitive climate has hardened, they have to work harder in order to come up with interesting pieces that not have been covered by someone else. I.e. just as the other actors on the financial markets, the journalists/analysts had to reduce more information for the same (or even less) output as before.

There is no evidence that the effectiveness of financial information (how well did it fulfil its purpose to depict reality for its readers) improved during the period.

4.1.2.4. Summary of Technology Impact.

The infoduction process in Affärsvärlden was affected:

- The individual writer experienced a creative liberation in text processing.
- The processing of numbers, calculations of key ratios etc., was vastly improved.
- The demand for agentive skills was replaced by demand for intellective skills.
- New page make-up technology made Affärsvärlden independent of print supplier.
- New business opportunities and threats were created.
- Productivity improvement was used for processing/reducing more information, while the output in pages per person was unaffected or went down.
- There is no evidence that the output of financial journalists improved in effectiveness despite the larger amounts of information being processed.

The computer first took over more and more of the jobs that demanded agentive skills. The computer then took over some of the jobs demanding intellective skills. It thereby increased the pressure on the level above, intellective know-how. In the 1970s a financial analyst could make a unique analysis by just being able to do the calculations. In the late 1980s every analyst had at least one PC on the table filled with programs that in no time could make any conceivable chart or calculation.

The influence from technology in Affärsvärlden’s journalistic process-of-knowing: journalistic was slow in the page make-up area compared to other media because of the long tradition of playing down the design and because Affärsvärlden bought page-making from the printer. Therefore other magazines computerised their page make-up several years ahead of Affärsvärlden.

On the other hand, Affärsvärlden was probably one of the first actors on the Swedish information market to use computerised technology for text and number processing. The area was considered a key strategic area and the intention was to keep the lead by investing in the joint venture with Findata. The computer also increased demand for intellective
individual skills in the marketing/sales area. The computer technology forces further introduced new competitors in advertising and forced the publishing industry to respond by creating own address banks. The loss of Findata in 1988 meant a set back in the ambitions but the magazine still benefited from the new technology.

There was thus a difference in how the development in technology was regarded:

- Technological development in the agentive area was considered as potential cost decreases.
- Technological development in the intellective area was considered as potential revenue increases in the form of new business opportunities.

Thus, when the computer directly changed the infoduction process it also changed the conditions for doing business in the information sector and thereby affected the strategy. See further Chapter 4.5.

4.2. The Dichotomy Profession - Organisation.

A conflict between a more commercially oriented (organisational) tradition versus a more journalistic (professional) tradition is common in publishing companies. How did it develop in Affärsvärlden?

4.2.1. Professional Knowledge in Affärsvärlden.

The concept "professional knowledge" depicts knowledge used in the infoduction process aimed at the readers. In Affärsvärlden there were two kinds of such professional knowledge: Journalistic and Analytical.

Journalistic process of knowing: journalistic is generally based on a number of rules which are aimed at penetrating information noise and at receiving attention. Young journalists learn the rules by practise. The specific rules-of-thumb of the journalistic profession are learned when entering the profession and then applied irrespective of the magazine that the journalist happens to work for. These rules are universal, even global. They can be identified at the Wall Street Journal or the Times as easily as at Affärsvärlden, Expressen or Östersunds Posten. Here are three:

1. The "angle" or the "peg" is often contained in the first few lines of the article and should also be visible in the headline. The peg is intended to catch the reader’s attention. It is therefore often linked to a current issue. It must also tell the reader what the journalist wants to say with the piece.
2. Making abstract events personalised increases attention.
3. Dramatising events by concentrating the article on conflicts increases attention.

Affärsvärlden has never been admired for its journalistic finesse among journalists. At Affärsvärlden the rules 2. and - to some extent - rule 3. were not followed during the period. Other journalists often criticised the Affärsvärlden writers for not even following rule number 1. Affärsvärlden’s style of journalism was regarded as more solemn and the journalistic profession would often criticise it for being boring and old-fashioned. The articles have always been considered hard to read and incomprehensible for readers outside of business.

Affärsvärlden also developed a number of own local journalistic rules. They covered a broad spectre of topics, like "never use the word ‘shall’", "a headline must not consist of more than four words", "a table with the latest four year's profits must accompany all articles about companies", etc.

The rules were once invented by someone who was energetic and persistent enough to persuade a number of the other journalists to follow. The editor then added this rule to the others on the list of rules. The list was mostly tacit and was transferred to the newcomers by means of tradition. It thereby became an element in their tacit knowing. The list changed all the time. Some of the rules were just forgotten, others were focused from time to time and brought up for reflection among the staff. There was no institutionalised routine for this. Anyone felt free to focus and reflect on the rules. However, some felt a closer kinship to some of them, observed "his/her" rules more closely and even watched how the other writers complied.
In addition to these rules we must add a number of values of a higher order. They are often referred to as "ethics;" by the journalists themselves. These values are elements of the professional tradition and tell a journalist what general attitude he or she should take, they are widely known and they change very slowly. Some important universal values are:

"You must have high personal integrity".

"You shall be independent" (of the owner of the newspaper, of the readers, of the advertisers).

"You shall be the reviewer, not the actor".

"You must always be suspicious of all information", (because everyone wants to use your pen to convey his or her meaning).

Below are some of the universal journalistic values: universal that have been observed. They express how journalists assumed they ought to work in 1990:

<table>
<thead>
<tr>
<th>Has great importance in job</th>
<th>Ought to have</th>
<th>Has today.</th>
<th>Difference.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncover power misuse.</td>
<td>94%</td>
<td>38%</td>
<td>56%</td>
</tr>
<tr>
<td>Be a broad source of information to public.</td>
<td>82%</td>
<td>26%</td>
<td>55%</td>
</tr>
<tr>
<td>Put events into a larger context</td>
<td>77%</td>
<td>10%</td>
<td>67%</td>
</tr>
<tr>
<td>Lend a voice to the weak.</td>
<td>77%</td>
<td>15%</td>
<td>62%</td>
</tr>
<tr>
<td>Be an independent critic.</td>
<td>74%</td>
<td>11%</td>
<td>63%</td>
</tr>
<tr>
<td>Give a neutral picture of events.</td>
<td>69%</td>
<td>17%</td>
<td>51%</td>
</tr>
<tr>
<td>Depict the unusual and the sensational.</td>
<td>17%</td>
<td>73%</td>
<td>-56%</td>
</tr>
<tr>
<td>&quot;Set the agenda&quot; for the political debate.</td>
<td>13%</td>
<td>30%</td>
<td>-17%</td>
</tr>
</tbody>
</table>

The ideal of the journalist seems to be the independent chivalrous knight who uncovers the misuse of the powerful and like a Robin Hood helps the poor. (The reality is however that they feel they are forced to do the opposite).

Polanyi’s notion of values is primarily tied to a professional tradition; independent of organisation. But it is useful to distinguish also local values. They local are tied to a local tradition but not independent from the more universal tradition. There thus exist local written and unwritten values of a particular magazine or subsegment of newspapers. Some might be:

"We defend the small people“. (Most tabloids i.e. Expressen or Aftonbladet).

"We have a positive bias towards business“. (Business magazines, i.e. Affärsvärlden or Veckans Affärer).

The journalists at Affärsvärlden usually tried to obey the universal rules. By doing so they felt like journalists. They also knew that if a journalist broke one of the universal rules or values, he/she was often chided publicly by his/her colleagues. There also exists a formal procedure, Pressens Opinionsnämnd, which however is not as strict as among lawyers.

The universal values could also be translated into more specific rules for a specific purpose. Here is one that translated the value of integrity into an articulated rule of action (maxim) for Affärsvärlden’s financial journalists:

"You must not trade in shares in the company that you are writing about until after the article has been published".
Journalists usually form a professional group that have a lot in common, irrespective of nationality or private interests. In every big city in world, there is a press club which gives assistance to newcomers, serve cheap meals and runs a bar in which one meets colleagues for socialising and gossiping. Journalists feed on information so this is one of the information markets where you trade gossip. Journalists thus tend to form a breed of their own, which reinforces tradition. The tradition is further reinforced by the fact that many journalists prefer the company of other journalists also in their free time.

The financial analyst in Affärsvärlden had an even more intellectively oriented profession than the journalist. The job demanded skills that were close to the scientist's. The financial journalist covered a narrow segment of society: the companies, the stock exchange, the other financial markets and the macro economics. It was a world where one must be a specialist in finance or business. At the same time he or she must be able to write as a journalist.

Many of the financial analysts in 1994 consider databases, archives, tables and analytical tools on computer screens more efficient than talking when they wish to process large amounts of data. They spend most of their working days interpreting the movements of stock prices, currency rates, interests rates, the news and the GNP-figures that they see flickering on their screens. And in the evenings they like to meet their professional colleagues because they are the only ones who really understand them. Unless they have a healthy relationship with other worlds, their reality is the information flow.

Twenty years ago it was a different world. The small financial world of Sweden moved slowly around its own axis. There were no databases, no PC's, no global networks of information. In 1975 Affärsvärlden had one knowledge that made it unique: It "possessed" an analytical knowledge in the form of specific Affärsvärlden rules which were articulated, and the transfer of which were not tied to individuals. The definitions, calculation rules and table formats were examples of a tacit process-of-knowing that had been made articulate.

**First,** Affärsvärlden had already in 1921 developed a General Index based on all shares on the Stockholm Stock Exchange. It was Sweden's oldest stock price index with data available from 1901.

**Second,** the magazine had a long track record of being the only magazine to publish all the accounts and financial reports of the listed companies. One might say that this "publishing duty" was the main editorial idea of the magazine at that time. This duty had forced the previous editors to develop a set of standard definitions, i.e. rules that were applied to the figures in the annual accounts. The definitions covered balance sheet items and profit & loss items, like "adjusted equity", "profit" etc.

**Third,** Affärsvärlden "possessed" a stock evaluation model which distinguished the analysis from that made by other magazines. The model turned out to be very successful in the inflation years of the 1970s and Affärsvärlden got a reputation for being good at stock price evaluation. The image was strengthened by the yearly portfolio which beat the General Index every year 1978-1993 except for one year.

The unique feature of the analytical Affärsvärlden rules were their public status. The weekly publication of tables, indices and definitions therefore influenced the way of thinking in the financial community, an example of the power of journalistic/analytical knowledge. The public status also made it difficult for other media to use the "Affärsvärlden model", without quoting the competitor Affärsvärlden, (which they disliked). Thereby the model got a protection similar to a trade mark.

During the Founder Phase the analytical knowledge: analytical was developed further by the four most competent members of the team in co-operation with their network. Many long hours were put into this development out of pure personal interest. They were also active in the Society of Financial Analysts affecting the rules of the profession: analytical. They were thus competent, since they were able to affect the rules of the analytical system of both Affärsvärlden and of the profession outside.

In 1982, when two of them founded Consensus and the third left, Affärsvärlden suffered a great loss in terms of financial analytical competence. As an example, nobody in the editorial staff knew how to calculate the General Stock index anymore it had been delegated to an outside analyst. Affärsvärlden staff had become unable to develop their own analytical tools.
The intention with the Findata project in 1983 was an infusion of new analytical competence. With Findata’s assistance the computerised version of the Investment Indicator was developed in 1984. New young analysts were also recruited. However in the years to come, the lack of analytical competence was deeply felt.

But the most important reason for Affärsvärlden’s weakened relative position in the analytical knowledge area of Sweden was the rapidly growing financial analyst community. During the deregulation years 1984-1989 new financial instruments were invented on an almost daily basis. This development made Affärsvärlden’s stock evaluation model less used and consequently the impact of Affärsvärlden’s analysis on the market declined. Affärsvärlden was far ahead any other media but the unique - relative to the readers - competence to develop new definitions, and new analytical tools as during the Founder Phase was never regained.

Still, the original stock evaluation model, served very well during the whole period as evidenced by the success of the yearly portfolio.

As I see it today, Affärsvärlden was able to transfer the know-how to use the rules of the analytical knowledge but the competence to change them seemed impossible to transfer, so new rules had to be rediscovered by new competent individuals.

4.2.1.1. Tradition of Knowing.

According to the journalistic tradition journalists should sit in one big room in order to improve transfer of information from one person to another. The journalists are thus exposed to a constant dim of voices, sounds and a chaos of sensory clues. The tradition thus fit the financial restrictions during the Founder Phase.

I think today that the most important function of the open space was not the information flow but the tradition of knowledge. The one-room space improved the tradition of rules, beliefs and values, since the juniors learnt from observing how the more prestigious and experienced of the editors talked, moved and behaved. It was also easy to get a quick response to questions or problems. The team was thus exposed to a daily intensive transfer of knowing;transfer of, without being aware of it.

The editorial room with its intense atmosphere was probably one of the prime forces during the first years behind the creation of the Affärsvärlden tradition with its very strong values.

Several of the new Affärsvärlden recruits in the first years were inexperienced as writers. The milieu and the strategic situation of being vulnerable and small encouraged the writers to involve each other, especially with longer articles. This created a shared knowledge.

Another more managed knowledge transfer method might be called the "pickabacking method". It implied that more than one journalist went to interviews or important press conferences than just the journalist who was on duty. The pickabacking method had several advantages: One was that the infoduction technique was learned on-the-job, another that the network improved fast for the new staff, a third that the article could be discussed among more well-informed people.

Pickabacking is thus a practical and quite efficient way to transfer a process-of-knowing;transfer of. It was (and still is) however not common in the media industry. It often came as a surprise to the interviewees that the little Affärsvärlden arrived with two or three reporters, rather than with just one, which was the normal case for other journals. The trend towards building up images of individual journalists instead encourages competition and reduces willingness to share knowledge in this way.

The pickabacking idea was articulated into a maxim and during the Expansion Phase 1980-86, the young and new recruits were introduced to both the Affärsvärlden style of writing and to the most important top managers in this way.

Training in how to write was also considered very important so the manuscripts of the new recruits were "washed" down to the smallest comma sign in a very personal and intense way by one of the seniors.

There was tradition of knowledge;tradition of in all areas, also in marketing. The team developed their own rules (Chapter 4.3) which were transferred in a social interaction from master to apprentice.
The partners involved in marketing had to combine both intellective and agentive abilities. The intellective abilities were needed in order to make the information interesting for the readers, the agentive abilities were needed in order to build a surviving business. This combination was very rare, however, and the problem to find individuals with the necessary combination of intellective/agentive knowing for being managers of information products/projects was perceived as very difficult to solve and as impeding growth.

Direct psycho-social tradition of knowledge:tradition of thus dominated entirely during the Founder Phase in all areas. It was perceived as very effective but it was also time consuming, and its main drawback was that it made the organisation vulnerable to changes in staff. The problem of how to transfer the professional knowledge from one individual to another therefore became a very important managerial issue during the Expansion Phase, when the pace had to be speeded up.

A more structured approach to training was perceived necessary and was introduced 1984. A Trainee System covering two years of on-the-job training in the Group, (Consensus, Findata, Ledarskap and Affärsvärlden), was introduced. The AFV-School was instituted. It was a program of courses open to all employees of the Group. Staff from all the companies in the group functioned as teachers and mentors and the system thus functioned as a part of Affärsvärlden´s knowledge tradition.

The effectiveness of the more structured approach was never tested at length, though. In 1986, Consensus crashed and 1987 the Findata crisis got acute. The need for rapid addition of new staff and for building cross border understanding disappeared and both systems were folded in 1987.

4.2.1.2. Power of Professional Knowledge.

The power of Affärsvärlden´s journalistic knowledge was (and is) a power of symbolism and it was of great importance in the whole period. The power was used both professionally in the articles and organisationally for the internal power play.

Professionally, journalists tend to be rather naive participants in what might be called "the reification game". The importance of being the first (see Chapter 1.1.4) puts a high premium on time, which speeds up the pace on the information markets and reduces time available for the necessary process of knowing. i.Catchy metaphors become objects with a life of their own and, once invented, they tacitly steer the work of the journalists until a newer concept is invented.

The journalist has one predominant desire: to be read, seen or heard, preferably by as many as possible. In order to secure this desire, the journalist tacitly subordinates to the competitive factors (see above Chapter 2.3.3). These factors can be seen as forces which drive the journalist to subordinate to well-known people, to "fall for" funny metaphors or to seek fame. Receiving attention might become more important than conveying a relevant message, the form might take over the content.

At least on the financial information markets I think this tendency has to do with the present overload of information and the readers´ growing unwillingness to allocate time for reading, which make many journalists feel that they have to raise their voice in order to be heard.

Because of the Affärsvärlden tradition, the magazine did not take very active part in this game

Affärsvärlden was (and still is) an organisation where the actors lived by producing words. The journalistic skill in using the language is a professional ability which can be used for infoduction directed outwards as well as for internal power games. The skill was frequently used in the years I have studied and one protocol is analysed in detail. There the symbolic powers come to surface. The leaders were very skilled in using the semiotic powers of language and they were fast thinkers. The conferences during the Founder Phase were a kind of "battle ground" on which the professionals fought over the organisational power.

The power of symbolism was greater in periods when the profession decided the agenda. Later, when the management troika had taken over, the "battle" disappeared as well as the perceived purpose of the conferences. The powers of symbolism seemed to have followed a cycle between the professional and organisational knowledge.
The power of analytical knowledge: power of is also a power of symbolism, although with numbers rather than words. Analytical models influenced the behaviour of investors. Affärsvärlden’s legitimacy in this area made the Affärsvärlden version of fundamental analysis more used in Sweden than in other countries where the p/e-ratio analysis tended to be more influential.

During the period I am analysing in this thesis, the scarcity value of financial analytical knowledge evolved rapidly, from being close to zero in the early 1970s to a peak in the late 1980s and down again in the 1990s. During the peak years some of the actors were able to considerably affect the strategy of Affärsvärlden. The "Power of Knowledge" was a reality in those years both in the inner and outer contexts.

4.2.1.3. Journalistic vs. Analytical Knowledge.

Affärsvärlden’s editorial idea was to blend financial analysis and news. This idea was represented in the editorial staff as two sets of knowledge traditions, two sets of values and two modes of working, one more deep and reflecting, one more fast-moving and superficial. A dichotomy therefore existed within the professional knowledge tradition, between those editors who were more knowledge: analytical in their approach and those who were more knowledge: journalistic.

The dichotomy did not cause any severe internal conflicts within the editorial staff. One reason was probably that the editors-in-chief were able to balance them. The most important reason might have been that the first analysts were recruited from industry and therefore more biased towards the organisational tradition.

However, the most important aspect of the dichotomy was that it affected the strategy. See below Chapter 4.5.

4.2.2. Organisational Knowledge in Affärsvärlden.

The Affärsvärlden I first met in 1979 tended to focus on the infoduction process. The team often translated (a demand for) agentive action into (a supply of) intellective action. They were good analysts and writers but "simple" agentive actions necessary to get projects going seemed very difficult to accomplish for most of them.

It seems as if the case confirms that one individual rarely possesses both intellective and agentive knowledge. However, two of the founders plus one of the recruits in 1978 proved by their action that they were able to combine both intellective and agentive action. They therefore affected organising and business strategy more than others.

The organisational knowledge tradition in 1975 contained very little of organisational knowledge. That was the main reason for recruiting an administrative manager in 1979.

On the other hand, some of the team members had begun to develop a unique general management knowledge: management in the media industry. This knowledge was growing organically in an almost complete freedom from formal systems of control and with few financial restrictions after the two first tough years (because the markets developed favourably).

4.2.2.1. Marketing and Sales Knowledge.

Affärsvärlden’s advertising sales knowledge: sales in the Founder Phase 1975-1980 consisted of two former editors, probably the most unusual sales “department” in the publishing industry. They were both individualists and they had no means of and no interest in developing the organisational know-how necessary for running a sales department.

Despite the growth in advertising, advertising sales knowledge was thus the weak point in Affärsvärlden and the team perceived that they were living with a high risk, since the knowledge tradition was tied only to the individuals.

Nor was subscription marketing knowledge: marketing abundant in the start. The first campaign in 1975 involved some luck. The tricks of the trade were later learned by trial and error. A number of experience based rules were developed like, "an ad in a daily newspaper never sells more than 50 subscriptions", “a direct mail-shot to a narrowly defined target group should yield minimum 1% response”.

Most of the rules were not unique to Affärsvärlden any experienced marketer from the publishing industry would probably know them too, but the rules got a distinct "Affärsvärlden flavour" from the values that infused them. An
example is that the "USP’s" (Unique Selling Propositions) in most of the ads and the campaigns were the content of the articles, i.e. a journalistic value. Also, the Affärsvarlden values would never allow them to use "cheap tricks" like pens as give-aways, rules which were taught in marketing courses, (c.f. recipes, see Ch. 2.1.4.). The image of the articles in Affärsvarlden was thus reconfirmed by the marketing since the same people were writing both the articles and the copy in the ads.

The overall implicit strategy of cost control by doing-it-ourselves thus existed also in marketing. Being writers, they wrote their own copy and often also designed their own ads. One effect of the do-it-ourselves value was thus that Affärsvarlden developed its own knowledge tradition also in the organisational knowledge area (see also Ch. 4.5.1).

The cost efficiency of the Affärsvarlden marketing know-how was later proved in connection with the Financial Weekly project. An estimate made by UK-based independent marketing managers in 1986 was that an English approach to marketing would have cost about three times the money that Financial Weekly spent but would have yielded no more subscribers. In 1989 Eurexpansion spent as much money on marketing in one year as Affärsvarlden had spent in four years but received no more subscribers.

4.2.3. A Hierarchy of Values Develops.

During the Founder Phase 1975-1979 there was no strong formal power structure since the board of the Foundation accepted to be kept at a distance. The prime question of power therefore concerned how the team were to manage themselves independent of the Foundation and - most important - by whom?

Several of the leading team members regarded Affärsvarlden primarily as a tool for self-fulfilment, i.e. the space of individual freedom (= power) was very important. Therefore no one could accept any of the others as the "Boss". In such an atmosphere power became a question of who had (or could achieve) the legitimacy in the eyes of the others to extend his (no woman achieved high legitimacy in Affärsvarlden’s organisation during the whole period) particular space of individual freedom. The values of the individuals with the highest legitimacy became more influential, so a kind of hierarchy of values was established.

The strains of the first two years made it natural to demand very high loyalty among the original team members and hard work was seen as a necessary prerequisite. (Journalists not working long hours became outcasts.) One of the values was also influenced by the environment, the collective "all are equal" value. Sweden is a collective oriented country, in 1975 it was even more so, and two members of the founder team were social democrats.

Also the journalistic values were visible, the pride of being independent and the demands for high personal integrity.

Because of the general lack of analytical knowledge:analytical in Sweden in the 1970s the first financial analysts in Affärsvarlden were not recruited from the financial community but from industry. The analysts therefore brought with them experiences and values from outside the publishing industry. Affärsvarlden thus from the start had writers who were more business minded than any other journals. This business (here interpreted as "knowledge:organisational;") orientation among the analysts was probably one of the main reasons behind their interest in building and managing an organisation.

Intellecive know-how:, being a necessary prerequisite for good analysis and working capacity also ranked high.

The members were personal friends and shared many of the values but they were individuals. Between them they held several conflicting strong values. There were many potential conflicts. Should for instance the company be a vehicle for individual fulfilment or should the individuals subordinate to the goal of long term commercial success for the company? The more individually oriented often found themselves against the more collectively oriented.

The tradition of the organisation is therefore probably best described as a system of individual value dichotomies within a hierarchy. The hierarchy of values:hierarchy of decided who among the actors were allowed to decide the agenda of the discussion.

If the individual values are clustered into the dichotomy:, a kind of dual hierarchy emerges. The dichotomy goes between those among the staff who were more "journalists;" and those who were more of "businessmen;" here called the dichotomy of the professional values:professional versus the organisational values:organisational.
A subjective ranking of the values during the Founder Phase looks like this:

**Values with:**

<table>
<thead>
<tr>
<th>Professional bias</th>
<th>Both</th>
<th>Organisational bias</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Individual Independence</td>
<td>2. &quot;All are equal&quot;</td>
<td>4. Organisational independence</td>
</tr>
</tbody>
</table>

One would perhaps have thought that fights over each one of these dichotomies would have ground the small organisation to a halt. Especially if one considers the fact that no outside power or formal authority really existed.

But the team kept together and the ranking above gives one interpretation of the reason why. The values that were influenced by an organisational tradition: organisational were higher ranked than journalists normally tend to do. The Affärsvärlden journalists (especially the analysts) were also businessmen and the managers were journalists as well. Therefore the values that emphasised "keeping it all together" overruled the other values in the discussions. The team was thus never split between a management with primarily organisational values versus a team of journalists with mainly professional values, which is the dichotomy so common in publishing. One other reason was of course that the dichotomy was not as clear-cut as it looks in the table.

The dichotomies were in fact never solved. During the first years most conflicts drowned in the hard daily work. Some dichotomies were re-solved (= solved over and over again), others were "kept under the carpet". The way to re-solve was via discussions, or other intellective acts like committees, research etc. A kind of "coffee table democracy;" developed organically with consensus as both the informal and the formal basis for decision making. In the conferences the formal agenda covered the days, the informal agenda was discussed during the nights. Sometimes the two procedures collided and then no decision could be made.

Today I believe that the open editorial room had a very important moulding function. It created an feeling of intense teamwork which overruled the dichotomies and contributed in keeping the organisation together. It functioned as an "non-managed" knowledge: transfer of system (See further Chapter 4.2.1.1.). The editorial room of the magazine Affärsvärlden functioned as the organisational and the professional core, both in terms of knowledge and power.

One might therefore regard the editorial room as a metaphor for the whole Affärsvärlden tradition. For instance, the marketing department was much later (1990) organised as en editorial room with the marketing manager sitting in an open space while the sales staff occupied their own rooms around him. (See further Chapter 4.2.3.2.3. Sales Department).

However, later during the Founder Phase the team more and more established a value structure that incorporated the dichotomies by not discussing them in the open. This was how conflict avoidance evolved into an important shared assumption of how to deal with conflicts.

In this kind of atmosphere taking the initiative became an important tool of power. Initiatives could be both intellective and agentive oriented. If the initiative was taken within the hierarchy of values a team member could be rather certain that no one would stop it. But this also implied that in order to achieve the legitimacy one had to accept the hierarchy of values and be seen by the others as "living the values;".

In the first implicit power ranking the level of individual intellective knowing ranked high. However the power shifted depending on the current issue. If the issue was about the layout of the magazine, one of the team had legitimacy. If it was about marketing, another had the highest legitimacy, etc. The salesman had a lower informal power rank but in questions regarding advertising sales he was indisputably very important and he achieved legitimacy by being the best salesman in the organisation. The power of intellective knowingpower of was most clearly noticed during the conferences. Those with the highest legitimacy in a certain issue found that the others accepted their authority and they could steer the discussion. Those with no intellective legitimacy at all often perceived that their contributions were neglected in most discussions.
Still, during the Founder Phase everybody felt the individual power that accompanies scarcity. Everybody felt as (and often indeed was) a key-person and felt an ability to influence at least some of the discussions. This feeling changed during the Expansion Phase, especially after 1984 when the management troika was formally installed.

4.2.4. Organisational Knowledge Takes Over the Agenda.

The professional knowledge thus determined the agenda during the Founder Phase and as mentioned in Chapter 1.1, Affärsvärlden in 1979 had become a very odd creation indeed.

There were no outer pressures for a change, because the company prospered and was perceived as a success both internally and externally. Still, the members carried the seed of change within themselves. Is it because they could not resist the norms of the environment and the publishing industry?

Today I regard the Dublin Conference in 1980 as the "water-shed". From then on the dialectic between Professional and Organisational knowledge traditions shifted from being based on the values of the profession to being more and more based on the values of the organisation. I.e. from then on the values of organisational knowledge more and more set the agenda of discussion.

The Dialectic shifted over to the agenda of Organisational Knowledge via three forces:

- The Partner System.
- The Management Troika.
- The Sales Department.

4.2.4.1. The Partner System.

Owning one’s own company was an idea that felt very natural and tempting for many reasons:

- The Swedish tax system taxed income at marginal rates of 75-90% but "only" 40% on capital gains.
- The fluid power structure was assumed to be clearer.
- It would improve the competitive edge on the markets for recruiting financial and journalistic know-how.
- International trends influenced the revival of the entrepreneur. For the first time since the early 1960s it felt nice to regard oneself as an "entrepreneur".

The Partner System that was created had a threefold objective.

1. To keep the growing group of companies together by allocating added value fairly among the owners (most important).
2. To be attractive as a tool for recruitment.
3. To keep personnel turnover at a minimum.

The formal Partner System added legal stability to the organising efforts. But it was gradually challenged by the changes in the environment. In 1987-1988 a number of partners felt it was time to change the system. Five of them offered to take over the company in a management buy-out, an attempt that failed.

4.2.4.2. The Management Troika.

With the decision in 1979 to recruit the first full-time administrative "real" manager, the Affärsvärlden team entered a route that was a challenge to the existing organisational structure.
A management "troika" grew into power during the first years of the Expansion Phase. In the beginning it was an entirely organic process but the troika was formally elected in the autumn 1984 when the Partner System also came into function. The management troika was to remain in power all until the merger with Ingenjörsförlaget in 1990 and the formation of E+T Förlag. The three members of the troika were collectively functioning as a "Joint Chief of Staff" and divided the work load according to a very informal and fluid order by which they stepped in for each other depending on the issue and the work load of the others. Profit responsibility was divided between the three. The other managers within the organisation, like account-ting and marketing, reported to the troika.

However, the installation of the management troika changed the information pattern. The change in the information flow was of utmost importance in the inner context of Affärsvärlden for two reasons. First, because journalists feed on information. Second, because "to be informed" had a great symbolic value in an organisation, in which no formal hierarchy existed and where the actors were both owners and employees at the same time. Therefore, access to the inner core of information also became an important symbolic measure of one's power ranking.

The conferences were thus regarded as very important during the Founder Phase and the first years of the Expansion Phase. At the conferences every piece of information was shared so everybody - also the most powerless - could feel close to the inner core. In case of a conflict issue, the inner core of course made up in the wings afterwards, but that was often so late in the night that only those with a burning interest were able to be awake. The most significant feature of the conferences thus was that most team members sensed that they were informed and that they at least had an honest opportunity to join the power game, at least as spectators.

The troika was however, perceived by the partners as keeping more and more information to themselves. The conferences were no longer perceived as real decision making events but they evolved into forums for information.

4.2.4.3. The Sales Department.

The advertising revenues had rapidly become the single most important source of income and scarcity of knowledge in this area was considered a risk. The recruitment of the marketing manager in 1984 was a critical decision because it was again a challenge to the hierarchy of the Founder Phase.

The decision was not accompanied by so much conflict as the recruitment of the administrative manager in 1979 since the organisational knowledge now determined the agenda. The sales staff thus protested heavily but they were ignored by the partners.

Over a period of five years the new marketing manager created a professional advertising sales department. In 1986, after three years, it had grown into a department of 11 people, comprising one third of the total Affärsvärlden magazine staff. It was a very strong department compared to the competition. The value of the sales department was shown later when the competitive climate moved into full depression in the beginning of the 1990s.

However, in 1986 the sales department employed an increasing number of young and hungry sales people who dressed differently, looked differently and had different values. Some of the editorial partners did not like the difference in climate between the editorial staff and the sales department and they complained about both their manners and the unaccustomed management style.

If the editorial staff was characterised by its analytical and intellectual discussions and freedom, the sales department was young, hungry, competitive, and very target oriented. The editorial partners liked the money and their target orientation but they regarded the climate quite vulgar and the management style far too "authoritarian". Some of the partners feared that this style might contaminate the editorial room.
Figure 17. Affärsvärlden Group experienced a rapid growth in staff employed in part-owned joint ventures during the Expansion Phase. Numbers are not comparable after the creation of E+T Förlag in 1990.

The growth if the sales department was accompanied by the growth of other non-editorial employees as well. Employees with an organisational bias in their process of knowing (administration including the management troika, accounting, marketing and sales), had thus grown into 50% of total staff in 1986. The hierarchy of values:hierarchy of based on the values of the first editorial staff, was thus gradually challenged by the rapid growth of other employees.

In 1986 the partners amounted to only 27% of the total number of employees in the Group as against 90% in 1980. The core (= the editorial staff of the magazine Affärsvärlden) was even smaller, around 20%.

Today I interpret this rapid growth of employees with an organisational bias as one of the reasons behind the crisis in 1987. The hierarchy of values from the Founder Phase (Chapter 4.2.3.1) was no longer in accordance with how the new ranking looked like.

4.2.4.4. Summary.

It is possible to distinguish a cycle between two traditions of knowledge, professional and organisational in Affärsvärlden. During the transition periods there were conflicts over which values were to determine the agenda of discussion. The transition periods were also marked by increased personnel turnover (except 1990-1991 when the depression held it back). Conflicts of values arose when the values of the previous tradition were no longer deciding the agenda of discussion and new values and symbols marking the other tradition had to be invented.

The Founder Phase was as an era when the professional values determined the agenda of discussion. The dialectic also changed slowly at first so the first transition period was long. For instance, when the Partner System was first suggested in 1982, it was still the values of professional knowledge that decided the agenda of discussion. The formal symbols of power in the new company formed in 1983 could not challenge the existing hierarchy of values. Therefore the new management team was called "Sub-committee with responsibility for getting thing done" and despite the new company being a limited company, no Managing Director was appointed.

In 1985 the organisational values were entirely deciding the agenda, i.e. the manage-ment troika and the non-editorial staff. One example is that the small business magazine (Affärer & Företag;) was initiated by the marketing manager. Another is that Affärsvärlden appointed a formal editor in chief for the first time.

Later, the pace speedened up. The crash of Consensus in the autumn 1986 and the loss of the close link with the two partners employed there, came as a shock to the partners of Affärsvärlden and triggered off something like a chain reaction. The partners had up till then felt immune to the turbulence on the financial markets. The crash added to the disappointment with Affärer & Företag and the growing worry about the risks in Financial Weekly and the
discontentment in Findata. Affärsvärlden was still very profitable and still growing, but not as fast as before. The slower growth was now perceived as a problem by the Partners and the Partners lost confidence in the management and the diversification strategy. The newly recruited young generation added to the crisis by questioning the Partner System.

The road towards a greater influence of the organisational knowledge suddenly halted and reversed. See more about the crisis in Book 2: Chapter 8.1. The professionals dominating the Partner Group took back the initiative and set the agenda for the strategy. "Save the core" and Retreat became the new strategy.

The same management troika were in power but they no longer set the agenda for discussion. The vision that had carried the troika as a joint management disappeared. They felt that they were back to square one, in charge of an organisation positioned in a strategic corner and still with Bonniers as the dominant player, more powerful than ever.

The Dialectic between Profession and Organisation

Dialectic based on:

Transition periods

Professional Knowledge

Organisational Knowledge


Figure 18. The dialectic between professional and organisational knowledge determined the agenda for discussion.

The third transition period was short. The failure of the management buy-out eventually led to the invitation of Eurexpansion as minority shareholder and the merger with Ingenjörsförlaget into the new Ekonomi + Teknik Förlag AB in 1990. In E+T Förlag a new organisational hierarchy took over the agenda, now firmly based in an institutional ownership. The conflict over values was not so strong this time, perhaps because the depression cast its shadow over the period and perhaps because the old partners were still owners. Therefore, the inherent conflict between the two traditions of knowledge is probably still to come in E+T Förlag.
4.3. Knowledge in Organising.

What was the role of knowledge transfer in organising?

The Founder Phase was characterised by the work in one editorial room. There were daily individual double interacts as Weick suggests, because the organisation was small. Most of the organising was thus tacit and interactive. A direct individual to individual tradition of knowledge took place in all areas (see above 4.2.1, 4.2.2) much in the way described by Polanyi’s theory in Chapter 2.1.3. The main ingredients were:

- Values that encouraged non-competitive behaviour.
- Open office spaces with few walls.
- Management sitting in the offices in which infoduction took place.
- Small teams.
- "Pickabacking". (I.e. doubling of people in situations which were "learning intensive", even if it meant short term efficiency loss, see Chapter 4.2.1.1.).
- Master-apprenticeship in key knowledge areas.
- New knowledge developed by competent individuals.
- Many meetings and conferences, despite the loss in short term productivity.

However, there was also a transfer of knowledge in a more indirect way. I distinguish four such vehicles or systems for indirect transfer of professional Knowledge below:

- **The Format of the magazines.** The format of any publication is a very powerful vehicle for indirect transfer of the process of "how to make the magazine". The content of Affärsvärlden had to be new and creative every week but the format remained the same. The same page lay out, the same table formats, the same article flow etc. were repeated every publishing day. The format remained the same irrespective of the journalists and functioned as a framework within which the process of knowing was taking place.

- **The Editorial room.** The editorial room itself had a very important "moulding effect". Its physical existence was a prerequisite for the direct interactive tradition of the whole process of knowing for infoduction.

- **The Computer systems.** When a rule, a table or an analytical calculation was computerised it transferred the knowledge irrespective of the individuals. The competence in how to change the rules could get lost, but the transfer of the existing know-how was secured.

- **The Analytical definitions.** As mentioned above Chapter 4.1., Affärsvärdens’s own definitions were articulated in the magazine and functioned as a transfer in how to do analysis.

Three vehicles or systems for indirect transfer of organisational Knowledge can also be distinguished:

- **The Partner System.** The partnership implied a formal ownership, articulated rules in a partner agreement and scheduled regular meetings on organisational matters in a large group of key people. These formal procedures functioned as transfer of knowledge.

- **The Editorial room.** As mentioned above the editorial room itself had a very important "moulding effect". Its physical existence was also a prerequisite for the constant re-solvong of dichotomies which kept the organisation from exploding.
The Trainee System and AFV-School. The team installed a number of more structured procedures during the Expansion Phase. Two examples were mentioned above, the Trainee system and the AFV-School.

In the early days of Affärsvärlden a local tradition emerged, largely without managerial intervention. The Affärsvärlden tradition encouraged individuals with a high professional competence to share their knowledge in a rather unusual fashion compared to other publishing companies (See Chapter 4.2.1.1. and also Book 2). Management relied on tradition of knowledge as the main element in organising and needed little reporting and other indirect transfer system for control.

The ability of Affärsvärlden’s knowledge tradition to keep the organisation from falling apart was tested on several occasions during the period 1975-1993. The tradition of professional knowledge seems to have functioned fairly well in this respect. In the editorial room of Affärsvärlden, knowing was (and still is) transferred in an open unstructured way. The messy, unorderly and open space of the editorial office functioned as a non-managed knowledge transfer milieu.

By holding on to the strategy of Affärsvärlden magazine as the core, the Affärsvärlden magazine was working efficiently, despite the changing environment. Today I believe that it was the well functioning transfer of professional knowledge that kept the organisation intact and the magazine competitive.

The knowledge transfer systems were however less successful when they were tested in the diversification strategy. As a slight exaggeration one might say that Affärsvärlden was left with the failures whereas the successes were lost (as was evidenced in both the Consensus case, see 4.7.2, and the Findata case, see below).

A conclusion I draw today is therefore that the Affärsvärlden organising depended to quite a large extent on how well the tradition of the process-of-knowing:tradition of functioned. The organisation was built on tradition of knowledge, the roles were designed according to the people, not the other way round. It contained in itself the processes of change. It was therefore able to survive the whole investigated period, despite the rapidly changing environment and the large number of various activities. It was productive (4.1.1.) and it was also quite innovative. A number of new solutions, both organisationally and professionally were invented as "Affärsvärlden-specific" approaches.

The drawback was however that it became very dependent on the people. It was also very difficult to move outside the core. When they became aware of this drawback, the partners tried to find a balance by traditional organisational measures. They tried to reduce uncertainty by introducing an amount of structure and appointing managers. harmony. However, measures, rational or irrational, "worked" for a period but they never ended in the desired stable situation. Some examples:

- Conflict avoidance emerged as a belief of how to solve conflicts during the Founder Phase, but the inherent value conflicts emerged on the surface as soon as the environment changed in the mid-1990s.
- The implicit assumption of re-solving conflicts worked well on the individual level, but it also encouraged a diversification strategy that later caused disharmony.
- The partnership system "solved" many of the disharmony problems on individual level when it was created, but partnership was soon felt to prevent necessary change and was abandoned few years later.
- The Findata team achieved periods of internal harmony at the cost of creating a conflict with the mother organisation. The same happened in Financial Weekly during periods when the venture was perceived as moving towards success.
- The management’s efforts to create a balancing structure between formal management and influence of the profession via ownership created forces which later resulted in other dichotomies like: "yuppie-partners" vs. "oldie-partners" or partners vs. non-partners or management vs. partners.
- The efforts of the Consensus team to achieve harmony between their process of knowing and their markets moved them in directions that later resulted in new dichotomies; ethical conflicts and fights with the mother organisation.

One illustrative example of the difficulties involved in renewing the Affärsvärlden business is the Findata case below.
4.3.1. The Findata Case.

Findata was a financial database containing public financial data from the annual accounts of the companies listed on the Stockholm Stock Exchange. Findata was originally a research project at the Stockholm School of Economics and Affärsvärlden entered into a (25%) joint venture with the school (35%) and the five founding members of the staff (40%) in 1983.

The customers were brokers and banks, i.e. the same as Affärsvärlden’s, but they were no more than 25-50. The financial analytical knowledge needed, was the same but Findata was specialised in interactive on-line analysis with computer, which implied an additional professional knowledge, computer technology.

Findata was selling both the process-of-knowing of their computer experts and the database as an information product.

The explicit intention with the joint venture was to merge the analytical knowledge: analytical of Affärsvärlden with that of Findata and to use Affärsvärlden’s financial resources and the magazine as a channel for marketing. Affärsvärlden was to learn from Findata’s electronic analysis methods and Findata was to learn from Affärsvärlden’s more journalistic analysis of companies.

The joint venture also implied transfer of Affärsvärlden’s network of customers as well as management. Further, Affärsvärlden’s financial resources were needed for buying new computers.

Findata was a rapid growth business from the start, investing all the surplus into development. The business went from 5 employees in 1984 to 16 employed in 1987/88, its first year of reported profit.

The managers of Affärsvärlden tried to transfer the Affärsvärlden tradition: transfer of but immediately ran into problems:

- Findata was placed in the same office as Affärsvärlden close to the editorial staff, (and got the “best” room as the Affärsvärlden journalists complained).

- One of the leading members of Affärsvärlden was placed in Findata as managing partner working together with Findata in order to secure the tradition. (The partner had to be changed three times in three years).

- The five professionals were offered partnership in Affärsvärlden (but declined).

- The Findata team was encouraged to write articles in Affärsvärlden (which they denied although one of them found time to write articles in Dagens Nyheter).

- Findata was actively encouraged to join the conferences, celebrations etc. (which they perceived as a waste of time).

- Affärsvärlden changed its computers into Findata’s computer system.

So, the managerial efforts to install knowledge transfer systems were not functioning for building a lasting organisation as a combination of the two partners. The joint venture was dissolved in 1988 and the Findata team were allowed to buy the shares from Affärsvärlden and IFL. Two years later the team sold their shares to the database company Dextel (owned by Bonnier; dominated Dagens Nyheter).

Today, I see several reasons for the failure of the joint venture:

The intended strategy of Findata agreed at the time of the merger was to invest heavily in developing the databases and to find new customers. The emerging strategy was however moving Findata into something more like a computer service bureau with on-line data. The Findata team were recruiting computer programmers rather than financial analysts. This created a growing tension between two different professional traditions, which undermined the possibilities of knowledge transfer.
It turned out that Affärsvärlden probably got more in analytical knowledge transfer than Findata did which made the Findata professionals disappointed. The marketing channel of Affärsvärlden was of limited value in Findata’s business because the clients of Findata had to be approached in a very different manner (see below chapter 4.4.2) than the Affärsvärlden readers and advertisers. The different knowledge requirements of the two markets were not quite perceived at the time when the agreement was signed.

Affärsvärlden’s emerging dual strategy (not perceived at the time, see below Chapter 4.5.5) made the Findata team uneasy. They probably felt that Affärsvärlden went further and further away from their core, financial analysis.

The financial risk was diminishing after the initial year, which made the Findata team feel more brave. The Findata team saw the growing market value of their own shares in Findata and wanted to keep it for themselves rather than sharing it with the other owners.

In the end Affärsvärlden management had the choice of conflict but did not want to take it, perhaps because conflict avoidance was one of the values, perhaps because the troika had their hands full of other problems at that time.

**4.4. Knowledge in the Market.**

What was the role of knowledge in the relation with markets? This is not a place to question the validity of the market concept. I use it in this chapter in order to shed some light on the commercial market value of knowledge and information respectively.

Affärsvärlden started as a magazine selling information in 1975 but the team soon found itself on also another market. The most competent of the team began to do consulting, selling their knowing as a process. Although the customers were the same they thus implied two different relations with the customers one more indirect, the other more interactive. I call the first Information Market, the other Know-how Market.

**4.4.1. The Information Market**

The outer context has been described as a metamorphosis in Chapter 3.2.

The growth of the stock markets increased the interest for financial information also among the non-professionals. Sweden became a country of stock punters in the 1980s - and they all needed financial information.

During the decade 1980-1990 the supply of information increased at an exceptional rate. The number of writers, authors, scientists and journalists increased very rapidly. New electronic media using the computer as medium - databases and various on-line services - entered the market. Therefore the number of media increased too - magazines, newsletters, international TV-channels using the new satellites - at an almost exponential rate.

Also the demand grew (but not that fast). There was an inflow of new consumers of information supported by the boom in the financial markets. The existing readers also began to read more financial information. For instance many of the readers of Veckans Affärer added Affärsvärlden to their reading lists, thereby perhaps doubling or even trebling their total financial consumption of information.

Towards the end of the decade the financial information markets began to display the typical behaviour of saturation. Circulation figures stagnated, prices came under pressure. The readers were less and less willing to pay for information and the freebies were regarded as tough competitors for advertising money.

A new group of entrants were the “freebies” i.e. free (for the reader) media taking their revenues only from the advertising - direct marketing, customer magazines, in-flight magazines, etc.

One might categorise the market for financial information in 1990 by the two dimensions time delay and infoduction level. The time delay measures the time between infoduction and (potential) reading or listening/viewing. The infoduction level measures the amount of information reduced. It gives an indication of both the amount of work and the level of knowing behind the text.
Figure 19. The market for financial information in 1990 categorised by the two dimensions time delay and infoduction level.

The new computer based media occupied a new profitable and ultra fast niche. They had pushed the other media further out into the lower profit areas. In order to keep up with the competition, the other media had to speed up their infoduction processes.

The Figure 20 below indicates that the customers paid higher prices for higher infoduction level and faster media.

However, there seemed to be a premium on time. When having the choice between fast news or slow analysis the readers seemed to prefer fast news. Some computer based media were already offering fast interactive financial analysis. This had forced the other media to increase their infoduction per hour. For instance, a new financial daily Finanstidningen was launched in 1989 aiming at becoming a daily analytical Affärsvärlden.
Figure 20. The prices paid on the markets for financial information could be categorised into three clusters. They indicate that both time and infoduction level are important factors for determining prices. The scale is logarithmic. (Level 1. = stock prices only. Level 3. = highest level of infoduction).

4.4.1.1. Competitive Factors.

During the Founder Phase Affärsvärlden came up against several competitive restraints: The writers found that their articles were not seen because Affärsvärlden was so small in volume. The Affärsvärlden staff were unable to produce a magazine using a more easy-to-read form because of the costs involved. Affärsvärlden was also lacking the financial resources to scoop up interesting new facts. The advertisers wanted to buy space in media that had a high reputation, a special readership or a dominant position.

Affärsvärlden staff soon experienced the significance of:

- The form of presentation. A small article had a greater likelihood to be read. Pictures and charts etc. have a high reduction value, i.e. "tell more than a thousand words". They tried to reduce the length of the articles or the reports, added more sophisticated charts and pictures and by improving the technical quality of the print.

- The "surprise effect". By knowing a fact before somebody else a company or a person could establish a small "time-window", during which the information had a scarcity value. The scarcity value has always been very important on the markets for financial information, but computer technology changed the context during the 1980s. The financial industry was enabled to move funds (= copy information contained in computers) at a very fast pace. The same technology gave the media the opportunity to report from a broader area of the world (= reproduce information) over longer distances at a faster pace to more people.

- The legitimacy of the writer (or the medium). If the writer or the medium was well-known or had a high reputation or can influence the reader’s space of freedom (= was perceived by the writer to "have" power) the likelihood was greater that the article would be read. The massmedia made their journalists well-known by giving them photo by-lines. Affärsvärlden, on the other hand, tried to make the medium itself legitimate.
The dominance of the medium. It was important for the financial actors to appear being well-informed because it added an image of power and a feeling to belong to the inner circle of "the club". A fragment of new information shared by the many was sometimes more valuable than a lengthy text seen and understood by the few. A dominant medium with many readers or viewers, like Veckans Affärer until beginning of the 1980s or Dagens Industri from then on, therefore easily became the world.

The only competitive factor that ran in Affärsvärlden’s favour during the Founder Phase was the name of the magazine, which was well-known and gave a legitimacy to the articles. It was natural to build on that strength.

During the Expansion Phase the same factors ran more and more to the advantage of Affärsvärlden but against new magazines that were launched. The 1980s were very active in terms of magazine launches in the business segment, all aiming at the booming advertising markets. But almost all of them failed. The readers were seen as being more and more reluctant to pay for information. Dagens Industri was the only really successful new publishing venture during the 1980s on the financial markets and it was designed to be fast (daily) and easy to read (less than ten minutes).

4.4.1.2. Two Sources of Income.

The media produce two kinds of information, which generate two sources of income: from the advertisers and from the readers.

Advertising can be regarded as information paid by the writer rather than the reader. The advertisers pay an amount to the medium for gaining access to the time of the reader. The idea is of course that the readers, who buy the media for its editorial content, will be exposed to the information in the advertisements and read, see or listen to also their message.

The advertisers aiming at the financial community of readers therefore compete on the same information market as the other actors. The problem for the advertiser is the legitimacy. Why should the reader allocate precious time for reading the information somebody else pays for?

Most readers do not want to waste their time, unless provoked by the form of the ad or by the surprise effect. This was indicated by the readership figures. The advertising pages in Affärsvärlden (as in other media) had in general only 25%-50% of the readership of the editorial pages.

The advertising pages however, accounted for some 2/3 of the revenues of the financial press during the period. Had the advertisers not been willing to pay for the mere possibility of their information reaching the eyes of the readers the whole financial press, including Affärsvärlden, would have been in quite a different business.

This leaves the media industry with a serious dilemma. The media sell their space for messages not authorised by them to readers who are not paying for them. The two kinds of information even compete for the same limited space on the pages. But their business idea depends on those revenues. Hence the reason why the dichotomy of values between the journalistic profession and the advertising sales department develops into such a so heated atmosphere found in many publishing companies. The atmosphere becomes no less heated by the fact that most journalists know (somewhere) that the efforts of the advertising sales people pay 2/3 of their salaries...

4.4.1.3. Information as a Resource.

During the 1980s information was gradually being perceived as a resource for all kinds of businesses, not only as an instrument for control and decision making. Four examples illustrate:

Selling addresses for direct mail campaigns was a business established already in the 1970s. Direct mail (DM) offered a way to approach customers directly, without advertising. DM-companies were using new database technology as a business idea aiming for advertisers’ money. Affärsvärlden felt a threat, because the DM-companies were able slice their address banks on more levels and offer new services than Affärsvärlden and other media were unable to do. Both Bon-niers and the DM-companies invested heavily in the technology. Affärsvärlden did not want a Bonnier system - on the other hand the investment was too big for Affärsvärlden. There was also a value question involved. The partners felt that Affärsvärlden’s readers should not be surprised by mailings from other sources.
Another idea was to see the computer as a support tool for the sales, i.e. to store information about the customers supporting the salesmen’s contacts. Affärsvärlden’s intentions to use own addresses for new business and/or sales support were however delayed partly because large scale advantages in the earlier developments of computer technology. Affärsvärlden’s weak organisational knowledge in this area also gave advantages to large publishers like Bonniers or to the big direct mail houses or the big newspapers.

New business spin-offs based on infoduction were enabled by computer technology. The journalists were able to analyse large amounts of data in a short time so they collected information from industry segments normally not covered in Affärsvärlden and composed special issues. The sales staff used the addresses and approached the same companies asking them to advertise in the special issue. Most of these combinations became both financial and editorial successes.

The first electronic financial media, the full text data bases, had been available since 1980. But in 1982 a large number of new competitors decided to move in, assisted by new computer technology. Within merely a few months practically "everybody" was there with their claims. Esselte; Bonniers, Swedish Telecom; the banks and the Stockholm Stock Exchange were the biggest, but there were also many new small entrepreneurs. Affärsvärlden’s response, was the investment in Findata (see Chapter 3.4 and 4.5.2.1).

### 4.1.4. A Summary.

As soon as tacit knowing has been articulated for communication to a broader public it can be said to enter a market for information. The outcome of the infoduction process are pieces of structured information, in the form of texts, pictures, numbers in an article, books, pictures, charts, tables etc.

The following metaphors taken from market theory should be valid:

- **Product = Financial Information.**
- **Customers = Readers, listeners, viewers.**
- **Suppliers = Reducers of information.**

*Time* can be seen as the "price-mechanism". This notion is based on the idea that the reader/listener or viewer puts such a high price on his/her time that time- rather than money - is the limiting factor determining whether a piece of information will be consumed or not.

Information is a “product” with limitations. The text in an article or book or a TV-program is an attempt to communicate knowledge, but the value lies not in the text or program itself but in what is not there, in the work the writer did when he/she condensed the chaos. Also the reader contributes a significant added value when reading or viewing. The visible part of the knowledge, the information value of in the article, is therefore not worth much in itself. Its value lies in the potential new knowledge that it might yield.

Therefore the reader does not know before-hand, whether the article is worth spending time on, (a feature also shared by services). The potential reader only knows that the value differs according to what new tacit knowing might occur as a result.

The main restriction on the financial information market is that the customers of information are characterised by limited time to read, not by limited money to buy. Because the readers must decide beforehand whether it is worthwhile to spend their limited time on reading a particular piece, this creates a threshold that the producer of information must overcome. This means that a piece of information from an unknown source with low legitimacy is then worth very little - it might even have a negative time value which might be translated into a negative commercial market value.

The four factors of competitiveness are:

**Competitive Factor** Low Market Value High Market Value

**Surprise effect** Old facts New facts.
4.4.2. The Know-How Markets.

There is an important difference between transferring the tacit knowledge transfer in how to do a process as compared to transferring the outcome of it. Information is easy to copy and transfer at high speed, whereas it takes a long time and much effort to transfer the knowledge how to create it. Knowledge seen as a process is not an independent object that can change owners on a market. This difference can be noticed in the commercial value of the process-of-knowing in the financial markets. It comes out in a more indirect way. The most common way is as remuneration of the actors.

The relationship between consultant and client resembles transfer of knowledge in the Polanyiian sense. A consulting relationship with a client is very close, direct from individual to individual. It is an interactive relationship (Gummesson 1977), as compared to selling information. The art of selling a process of knowing is like selling a complex service. Consultants therefore do not market and sell their knowing with the same methods as producers of information products.

Still, they have to consider conditions in which the market may serve as an analogy. The clients choose between alternate suppliers of processes. They can be seen as operating in a space of competitors.

In this thesis this space is called a Know-How Market, because what is sold and bought is not knowledge in its general sense, but the action oriented know-how in how to create/produce information and/or knowledge.

Affärsvärlden had to consider two Know-how markets:

- Acquisition of know-how, i.e. recruiting new staff or buying problem-solving advice.
- Selling of know-how in the form of individual process-of-knowing, i.e. selling problem-solving advice.

Already from the start the Affärsvärlden editorial staff was a blend of two kinds of professional knowledge; journalistic knowledge and analytical knowledge. During the Founder Phase the staff increased from six at the start in 1975 to twelve at the end of 1979.

I estimate that the total number of financial journalists in Sweden grew from around 60 in 1975 up to perhaps 80-100 in 1979. The Affärsvärlden editorial team of six had a larger share of the know-how market than the absolute number indicated because the journalists with academic degrees at this time were no more than perhaps 15 growing to around 20-25 in 1979. Affärsvärlden’s six academics in 1975 thus represented almost half the total academic knowledge among the media.

Their main contender was Veckans Affärer; the editorial staff of which was 30, thereof four academics.

The financial community also employed analysts. In the beginning of the 1970s they were around 50-60 and their number increased to about 100 in 1979. They worked exclusively for their employer and did not produce newsletters etc. The demand for financial know-how in the financial community was more directed towards financial advice than information products.

The market for financial advice got an injection from the new OTC-market which increased the number of publicly listed companies from 135 by the end of 1980 to 238 by the end of 1986. These new companies needed prospectuses to be written, financial advice and annual reports. A growing private interest in the stock market further increased demand for investment advice.
The increased demand encouraged a large number of new entrants on the financial markets. The new companies were stock brokers, securities dealers, investment banks portfolio managers and various other financial advisors. All needed financial experts. At first the know-how was recruited from the banks. The management of the banks were slow in realising that they were sitting on an valuable knowledge in strong demand. The banks therefore lost their people who went to the newcomers, tempted by very handsome salaries and other fringes. Consequently the banks lost market share to the new entrants.

The students were quick to respond to the rapid development and they poured in large numbers into the academic financial courses which were doubled and trebled in volume. But it took several years before the newcomers came to market and in the meantime the financial analysis knowledge was very scarce indeed compared to the demand. The market value of financial analysis knowledge therefore increased rapidly.

The same forces (to a somewhat lesser degree) were valid for financial journalism. So the business journalists offered their know-how on the hot market and started “job-swapping spirals” with rapidly increasing salaries, just like the financial analysts, not mentioning the stock brokers.

Affärsvärlden management discovered that the brokers and the merchant banks were able to pay much higher salaries than the magazine could afford. This difference in market value was because when used for a buy/sell decision of large funds a piece of good analysis had a much higher potential market value than when it was used for writing an article.

The most severe competition for Affärsvärlden therefore did not come from the media industry.

4.4.2.1. Acquisition of Professional Know-How.

Recruitment was a key issue during the whole period not only because of the expansion but also because each new journalist was a potential partner and owner in the business. The recruitment process was therefore lengthy and painful for everybody involved.

One might say that the first recruitment policy "just happened" as a function of those present at the restart in 1975: All the founders had academic degrees in business administration and they believed that this gave them a competitive edge over the main competitor Veckans Affärer. The first intended recruitment policy was later articulated as the rule:

We recruit people with an academic degree in business administration and teach them how to write.

The recipe in the media industry was normally the other way round: to recruit jour-nalists and teach them business. The competition in the Founder Phase from other media was therefore not high, but growing. The challenge was to find any financial analysts at all and Affärsvärlden went outside the media industry. Affärsvärlden’s first five analysts were recruited from Unilever (1), Exxon (2) and Perstorp (1), not from the financial sector. Other media would not consider such unusual recruitments at that time.

Affärsvärlden’s choice of its "own" Know-How markets thus had profound effects on the magazine (and also on the corporate strategy see Chapter 4.5).

The emphasis on content rather than form in Affärsvärlden was emphasised.

It underlined the image of the magazine as being good at analysing companies.

It made the differentiation of the magazine very clear to the readers. The Affärsvärlden style was easy to recognise both in the articles and the design of the magazine. The anti-Veckans Affärer assumption in the strategy was not an empty belief. The staff of Affärsvärlden were simply unable to produce a Veckans Affärer - even if they had wanted to.

During the Expansion Phase Affärsvärlden developed a special method for finding know-how by narrowing in on the editors of the university magazines. They were offered summer jobs and several of them stayed. The relations were considered valuable sources of know-how even if they did not stay, so the network was entertained actively. One of the summer trainees in 1983 was in 1993 appointed Editor-in-Chief after a period in the financial community.
The overall recruitment policy thus remained the whole period but the implementation changed. Three examples:

- When the universities began to graduate larger volumes of young financially trained graduates, Affärsvärlden switched over to that market, because it was felt to be easier than recruiting good young analysts from industry. This enforced some changes in the hierarchy of values that gradually opened up a new dichotomy. It was at that time labelled the "generation rift".

- However, on the new market Affärsvärlden experienced a much tougher competition for new talent. The media and the publishing industry were not considered a problem, but Affärsvärlden’s aim was to recruit financial analysts who at the same time knew how to write. They were a rare species and the booming financial community picked the students straight from their classrooms and offered them much higher salaries than Affärsvärlden could. They were also offered profit sharing and stock option schemes, just like Affärsvärlden had.

- Another example was the emerging problem of the age pyramid. Managing the Age pyramid emerged as a complement to the recruitment policy around 1983 and was formed into a management policy from 1984 and onwards. The implementation of this policy managed to keep the average age at around 35 years for almost fifteen years until the business climate changed the whole picture in 1990.

The recruitment of young graduates kept the average age down in the editorial staff. However, the values of the new and young recruited in 1985 were not the same as the values of the founders and the other "Oldies" that had been recruited in 1978-1980. The old senior partners were of roughly the same age and many of them had experience from industry, whereas the younger came straight from school. The new were of the "yuppie" generation and they felt that there was a growing tendency among the older to answer the questions from the younger with the classic...

...we already tried that in 1978 and it didn’t work.

Figure 21. With the aid of recruitment policy and growth, the average age was kept on a stable level until the crisis on the financial markets forced Affärsvärlden to reduce its staff. NB also the heavy shift marking the beginning of the Founder Phase.
A new dichotomy of values at that time interpreted as a generation rift began to open up around 1985-86. The "Yuppies" did not want to wait for their partnership and from 1986 they pressed hard for a change of the Partner System.

Being so vulnerable to personnel turnover in all knowledge areas was also regarded a problem since the start. During the Founder Phase everybody was a key person, which is why an articulated objective of the new formal partner system became:

Keep personnel turnover down.

The company was seemingly successful with this strategy all until the crisis in 1987-88. The personnel turnover appears quite low compared to the volatile situation on the financial markets and the competition.

As the years passed the low personnel turnover was attributed to three main key factors in varying degree:

1. The profit sharing system, later the Partner System.
2. The high professional knowledge level of the staff.
3. The "Affärsvärlden spirit" or "Culture". (Here called Tradition;)

All three factors contributed, but their perceived importance seems to vary over time. During the Founder Phase the first factor was regarded as the most important and the formal partner system was therefore designed to keep the partners locked in for a long time.

**Figure 22. Personnel turnover was kept low during the whole period, with the exception of the crisis years in 1987 and 1988.**

The image of being the magazine with a high quality helped both recruitment and also prevented people from leaving. During the fifteen years 1975-1990, including the crisis in 1987/88, only two people left to be employed by other media. Most job offers for business journalists did not feel like a step upwards so unless the staff were offered very handsome profit sharing in a brokerage firm or a top management job they tended to stay.
The competition on the Know-How market from the brokerage firms was more severe, however. It became obvious when Consensus crashed in 1986. None of the trainees that at time happened to work in Consensus wanted to join Affärsvärlden but preferred the brokerage firm Alfred Berg Fondkommission.

Affärsvärlden’s own local Tradition was the third factor that tended to keep personnel turnover down. Once socialised into the hierarchy of values it was very difficult to break out of the taken-for-granted, despite the large external network.

Later, in the crisis years of 1987-1989, the Tradition boomeranged back in an unexpected way, however. The Founders of Consensus in 1982 brought many of the Founder Phase values with them, recruited accordingly and moulded Affärsvärlden’s Tradition into a modified “brokerage-form”. When Consensus crashed in 1986 most of the Consensus staff joined Alfred Berg Fondkommission. They created a tempting organisation with a tradition similar to Affärsvärlden’s right in front of the eyes of potentially discontent Affärsvärlden members. During the Retreat Phase Alfred Berg Fondkommission was able to recruit no less than four of the most competent people.

4.4.2.2. Selling Know-How - the Consensus Case.

The Consensus case illustrates the problems involved in selling the same knowledge on two different markets, one that may be regarded as a know-how market, the other an information market.

The first intended strategy of Consensus in 1980 was to assist listed companies in creating financial image advertising. Such advertising was unknown in Sweden in those days and by teaching the companies how to create good ads, Affärsvärlden thought that companies would more willingly spend some of that money on buying space in Affärsvärlden. The perceived know-how market was thus something in-between consulting and journalism and it was to assist Affärsvärlden core business.

A year later the Consensus team proposed to develop their business in the direction of investor advice, which put Affärsvärlden in an awkward ethical dilemma. The journalistic value of integrity prevented editorial staff from first writing pro-spectuses and afterwards reviewing them in the magazine. The compromise was to allow the team to go ahead and to move to an office outside the Affärsvärlden premises.

Their new strategy proved successful from the start. The Consensus team were selling their competence as problem solving in direct relation with a few clients. Consensus had thereby entered a know-how market which was different in kind from the information market they had been on before.

However, the Consensus team found out that the underwriters were the real money makers on this market and they felt that they ought to found a brokerage company. They proposed a joint venture with a leasing firm. This again created an ethical dilemma. The Affärsvärlden partners decided that a financial magazine could not own a brokerage firm. The new venture also needed a large amount of capital, much more than Affärsvärlden had. The compromise was that individual partners were allowed to buy 11% of the new securities broker, Consensus Partner. The previous Affärsvärlden subsidiary had now turned into a brokerage firm, no longer owned by the partnership.

Consensus had thereby entered a new know-how market. The same professional knowing was still needed, but the new venture had to add brokerage knowledge and also organisational knowledge of another kind. This took a year of administrative chaos to build up in 1984-85.

In 1986 the original founders of Consensus fell out with their new mother company and they and most of the revenue creating personnel went to the Volvo subsidiary Alfred Berg Fondkommission, which thereby stepped up as one of the three big brokerage firms in Sweden.

Financial/Journalistic Competence was thus at the core of both Affärsvärlden’s strategy and Consensus’ strategy at the start. Consensus started close to Affärsvärlden’s traditional information market, with a key people dependent strategy. However, Consensus found that they had to select one out of two very different strategies, one more capital intensive and the other more key people intensive. They chose to go for the more capital intensive, underwriter, which promised more profits. Once the Consensus venture was on its own, the mother company was unable to prevent the Consensus team to move in its own direction and to choose a strategy which was incompatible with Affärsvärlden’s.

The organisational ties, which relied mainly on tradition, proved insufficient, when the two organisations were separated both physically and later also in strategies.

This is not the place to problematise the concept of strategy. I regard strategy as an *incremental process* (Quinn 1980) in which actors cycle between proactive, articulated rational intentions leading to actions and justifications in retrospect. The researcher can then analyse a pattern. For the analysis I use Mintzberg’s (1978) notions of *emerging*, *intended* and *realised* strategies respectively. The intended strategies are normally articulated, the others not.

What was the role of knowledge in Affärsvärlden’s strategy? As mentioned above (Chapter 4.2.3) the dialectic between knowledge and power was being entirely based on the professional agenda during the Founder Phase. This could be seen in the first intended strategy. It was oriented from-the-inside-and out with infoduction as the core.

The professional values were reflected in the ideas for new projects which were primarily regarded as vehicles for self-fulfilment and knowledge growth. There was an articulated reason too the notion that Affärsvärlden would sooner or later fill its niche. They felt a need for "a second leg". Therefore already in 1976, feeling the success, the team began to discuss *diversification*.

The first diversification strategy was articulated in a document in June 1977. The intended approach to diversification was to keep Affärsvärlden as the centre of knowledge and spin off products from there, aimed at the readers of Affärsvärlden. The intended expansion strategy looks logical and rational, free from environmental forces and void of personal values, but in fact the diversification had already emerged when the document was written.

A silent implicit motive for the diversification strategy was also to be a tool in the strive for independence from the Foundation. The second new venture, Sweden Business Report, was thus started as a separate company owned by the team members privately.

The strategy emerged from the founders and it mirrored their knowledge, the power relations and their values. It is possible to distinguish three tracks of expansion. I call them: a publishing track, an analytical track and an international track.

There was also a strong inclination to keep all costs down to a minimum: I label it the *cost control* strategy. The cost control strategy was linked to the do-it-yourself assumption. It was inherited and it was natural because of the history and the competitive situation. An inherited assumption, that also influenced most strategy decisions, was "anti-Bonnier". The Swedish publishing industry was dominated by the Bonnier-sphere and the Foundation had once been created as a counter-force against Veckans Affärer.

The assumption about the importance of profit sharing and ownership had developed into such an important feature of the organisation that I regard them as the emerging *strategy of Partnership*.

The strategic process thus emerged based on the professional knowledge and the professional values. It was a process from the inside and out, although the ideas originated in discussions with the readers and the financial analysts.

It is possible to distinguish several impacts from the perceived environment on both tradition and strategy. However, the team held a hierarchy of values that was different from that of the rest of the publishing industry and the journalistic establishment. This made their strategic choices seem untraditional from a publishing industry point-of-view.

Being outsiders in the publishing industry and being more analysts and journalists than publishers, they almost entirely got their prime feedback from some influential readers in their networks, i.e. the journalistic tradition was not very influential. The networks consisted of the actors in the financial community and the top managers of the Swedish big publicly listed companies, rather than other journalists or publishers.

A summary of the main elements in the corporate strategy is thus:

Å1. Affärsvärlden magazine as the core.

Å2. Partnership.
3. Cost Control.

4. Diversification along three tracks.


The strategic history of the Affärsvärlden magazine in 1975 was to be small and to be on the defensive. The choice to build further on the analytical image of Affärsvärlden and the analytical knowledge was thus not a revolutionary idea. Neither did the team wish to upset the board of the Foundation by too drastic measures. The intended, explicit strategy of the relaunched magazine may even be regarded as a straight continuation of the past.

The decision (not regarded as strategic at that time) not to allow by-lines in Affärsvärlden, just meant following an old tradition prevailing in traditional media. Affärsvärlden’s anti-by-line idea fit very well with the all-are-equal value. The past was thus mixed with the new emerging Affärsvärlden Tradition into a number of very firm assumptions about how the magazine “should” be designed. One example is that the articles in Affärsvärlden of 1993 still carry no by-lines.

Affärsvärlden possessed few - if any - industry recipes, the team developed its own knowledge, and the company was therefore confusing to the publishing industry. It was looked upon with awe by the journalists, with respect by the analysts and with ridicule by the publishers (until the profits soared). This fed back and reinforced the feeling of being unique, which made the Tradition more entrenched.

Being an outsider in an industry had its merits. The team designed a magazine that they would like to read themselves, which was far from a recipe approach to magazine design, but which in the end proved very successful. Their idea to recruit mainly business academics as journalists, was unheard of in the publishing industry, but soon other newspapers and magazines followed suit.

On the other hand they were inexperienced as publishers and their insistence on do-it-yourself made them invent the wheel over and over again. Their power struggles occupied much energy initially and they would probably have gained from a more professional design function, a knowledge they ranked lower than other publishers would have done.

The editorial idea and the commercial concept of Affärsvärlden of 1975 was a direct response to the competitive situation in the publishing industry. Affärsvärlden magazine was designed as anti-Veckans Affärer. One simple reason was that Veckans Affärer’s magazine design was far too costly to copy. The rational response was to compete on content rather than design and low cost black & white pages rather than colour. A text page of analysis made by relatively low-paid editors cost less than a page with pictures and colour.

Veckans Affärer’s news orientation (the yellow pages) was also far too costly to copy. News hunting cost many man-hours spent on fruitless phone-calls, whereas analysis could be done in-house and cost less, even if the analyst was higher paid.

Veckans Affärer held a large share of the Information Market and could benefit from economy of scale (see also Chapter 3.7). Affärsvärlden, on the other hand, had a larger market share than its competitor in the financial Know-how Market. It gave them a high legitimacy also in the Information Market and Affärsvärlden was thereby able to carve out its own analytical niche in the Information Market.

The strategy proved successful, the volumes and the profits increased each year. In fact, the business strategy of the Affärsvärlden magazine was so successful that it remained the same all through the decade. It is still (1994) the same, whereas Veckans Affärer suffered severely during the depression 1990-1993 and had to change strategy and format, (see Chapter 3.7-8).

4.5.2. Partnership as Strategy.

The agreement with the Foundation gave the staff the right to dispose all profits. Partnership emerged as a strategy based on the assumption that shared profits were essential for attracting highly competent people and keeping them from leaving the company. The partner system was constructed accordingly. Therefore, ownership by leading actors was actively encouraged, in Affärsvärlden as in all joint ventures. See also below Diversification Strategy.
However, it turned out that partnership was a double-edged strategy. On the one hand...

- it was a powerful tool for recruiting scarce knowledge to a small unknown venture. This was evidenced in Affärsvärlden, Consensus and Findata.

- it was an effective instrument for making individuals feel as belonging to a team, as was evidenced by both Findata and Affärsvärlden.

- it was an efficient way of avoiding the extreme marginal taxes on profit sharing in Sweden, by transferring salaries to capital gains.

- it was a system that in a transparent way directly translated the effects of individual efforts into profits shared, thereby reducing the conflicts over profit allocation.

But on the other hand...

- the power of the system as a recruitment tool diminished when competitors like the brokers offered even better systems. Also the Financial Weekly case showed that partnership as a strategy was contextual very few UK journalists were interested in ownership.

- the Findata and Consensus cases highlights the conflicts inherent in competing ownership structures.

- the Swedish tax system was reformed and made i.e. profit sharing an equally attractive system for allocating added value.

- it had a conserving effect, which made it difficult to respond to changing competition and environment.

The partnership strategy therefore began to loose its relevance during the Retreat Phase and it was eventually abandoned when the partners sold their shares to Wolters Kluwer in 1994.

4.5.3. The Cost Control Strategy.

Keeping costs down was an assumption of success inherited from the tough years before 1975 and it still (1994) is despite the profit improvement. It was such an essential assumption underlying most important decisions, that I today regard it as an intended strategy, although it was not regarded as “strategy” until management realised that it was one of Porter’s (1980) *generic strategies*.

Affärsvärlden was able to keep lower costs than the competition because of a higher productivity in the editorial staff (see above Chapter 4.1.1.) and a low cost lay-out. The development of the cost control strategy is probably best evidenced by the comparison between Veckans Affärer and Affärsvärlden in Chapter 3.1.7.

The cost-control strategy was successfully implemented in the whole period. Today I regard the cost-control strategy as a one of the most important factors behind Affärsvärlden’s success compared to Veckans Affärer’s, when the depression hit the information market in 1990.

4.5.4. The Diversification Strategy.

The dichotomy between the two main professional knowledge traditions, the analytical knowledge and the more journalistic knowledge:(publishing) knowledge, gave rise to a dual diversification strategy, comprising two tracks of expansion: the analytical track and the publishing track.
I thus distinguish three tracks of diversification:

- The Analytical Track.
- The Publishing Track.
- The International Track.

During the Founder Phase 1976-1979 several small new projects were started as individual initiatives by the professionals. The process was organic, from the inside and out. There were two main professional knowledge traditions plus an international desire, which guided the team into three tracks of expansion. The most influential founders possessed both intellective and agentive know-how.

During the Expansion Phase 1980-1986 several big projects were started and they followed one of the three tracks initiated during the Founder Phase. The organisational values took over more of the initiative and the
process was more from the outside and in and was more actively "administered" by the management. Financial risk taking was much greater.

During the Retreat Phase 1987-1989 no diversification projects were started, except as spin-offs from one of the magazines. Financial risks were avoided.

Joint ventures became the prime implementation method for all the tracks of diversification. This was because Affärsvärlden had limited financial resources and the troika felt that the only way to grow was to form alliances. It was implementing partnership as a strategy. Joint ventures also fit with the intention originating from 1977 which was to keep Affärsvärlden as the core combined with a network of alliances and relationships between individuals.

4.5.4.1. The Analytical Track.

The Analytical Track added new businesses based on the same analytical knowing of Affärsvälden, but demanded new organisational knowledge. As it turned out, the track involved almost zero in money risk, but high "personnel" risk, since the analytical knowledge was scarce. The markets were growing fast and in the first years there was little competition.

Aktiemarknadsbevakningen (AMB) was launched in 1980 as a "stock watch" newsletter. The customers were brokers. It was half information product, half consulting service. AMB was quite profitable most of the period but very sensitive to changes in key-people. AMB survived the whole period and is still (1994) profitable.

Consensus started in 1981 as a consulting business. It turned into a stockbroker 1983 and Affärsvärdlen sold out in 1986 after a clash with the joint venture partner. (See more in Chapter 4.4.2.2. and Book 2:6.8.1.1.)

Findata was a joint venture with five professionals, Stockholm School of Economics and Affärsvärdlen. The company was founded in 1983. After a clash with the professionals Affärsvärdlen sold out to them in 1987. (See more in Chapter 4.3.1. and Book 2:6.8.1.4.)

4.5.4.2. The Publishing Track.

The Publishing Track added new businesses based on the same organisational knowledge as Affärsvärdlen, but demanded new journalistic knowledge. This track involved a high money risk, but the knowledge was not scarce and the personnel risk turned out to be quite small. The magazines were launched in (perceived) growth niches, aiming at advertising revenues, which generally turned out to be smaller than expected. The competition was very severe from the start both from other magazines and from substitutes.

Sweden Business Report (SBR) a fortnightly newsletter was launched in 1978. SBR remained quite profitable all until the end of the 1980s when the brokers´ free newsletters took over the market. SBR was then turned into a joint venture with the Stockholders´ Association.

Ledarskap; a management monthly, was launched in 1982. The reader niche was considered too small for attracting advertisers, so it was started as a joint venture with Civilekonomernas Riksförbund (an association of business school graduates). Several Swedish competitors were launched in 1984-1986 (two from Bonniers) but they all failed. Ledarskap, the only survivor in the segment, had a shaky profitability however, and when the association cancelled the agreement in 1989, Ledarskap was folded in 1990 when the depression hit the advertising markets.

Affärer & Företag (A&F) was initiated by the marketing manager in 1985. The small business segment was considered very promising in the early years of the decade successful small business magazines were launched all over the world, ten only in Sweden. A&F was a monthly aimed at the small business entrepreneur. It was a joint venture with three regional dailies. The market niche was much smaller than expected. A&F Stockholm was folded in 1987. By 1993 a few small private publishing companies still survived producing small regional business magazines mainly as freebies.

There were also a number of Spin-offs based primarily on advertising revenues and they were (still 1994) mostly successful.
4.5.4.3. The International Track.

The **International Track**, was based on the values of some of the most influential partners. Sweden Business Report (see above) might be regarded as a first approach.

Financial Weekly 1985 was a weekly magazine aimed primarily at the financial centre in London. It was on the brink of being folded when Affärsvärdens (approx. 35%) joined forces with the editor and venture capital sources in 1984 in a joint venture. The UK-venture involved a very high financial risk. The intention was to "move the whole Affärsvärdens package" including Affärsvärdens business strategy to UK with UK-managers as the operators. It soon turned out however, that the readers’ market was overestimated as well as the advertising market. It also became apparent that it was impossible to transfer Affärsvärdens processes-of-knowing and tradition to Financial Weekly, without moving people physically to London. After four years of losses the magazine was sold to Eurexpansion in 1989, who folded it six months later, following a fruitless relaunch.

Eurexpansion came in as an investor (15%) in Ekonomi+Teknik Förlag in 1990. Eurexpansion was building a network of business magazines all over Europe. The intended strategy was to use the network as a vehicle for editorial and advertising liaison between Affärsvärdens and the others. The recession in Europe changed the scene however, and in 1994 Eurexpansion sold out to Liber (Wolters Kluwer), see Chapter 3.6.

4.5.5. Analysis of Diversification Strategy.

I distinguish between:

1. Product strategy (= strategy for a single book or supplement with no employees).
2. Business strategy (= strategy for a subsidiary or joint venture business with separate staff).
3. Corporate strategy (= strategy for Affärsvärdens Group).

When can a strategy be perceived as a "success" or a "failure"? One can’t answer this question without asking at least three questions first:

- Who is the judge? (The manager him/herself, a scientist, an independent jury, the competitors, etc.).
- What do we use as the norm? (Content, Innovation level, Profits, value for mankind, percent on sales, survival, etc.).
- When do we measure? (After a period, during a period of years, eternity, etc.).

I choose long-term survival (> 5 years) as the norm, assuming that management at the time were the judges and made the judgements in a perceived context and also assuming that five years is the longest period a manager dares to foresee.

As I interpret the Diversification Strategy today, it was a failure from the corporate point-of-view despite the fact that many of the product strategies and business strategies were successes. (for details see Book 2, Chapter 6.8)

The **Publishing Track** failed because the Information Markets developed much more adversely than anyone in the publishing industry had foreseen. Since only one launch in ten years can be considered a success among the readers in the financial information market; (Dagens Industri);, one might conclude that the Publishing Track - in retrospect - was more or less impossible.

The **Analytical Track** failed because Affärsvärdens found itself on rapidly evolving know-how markets with other customer/supplier relationships than in the Information markets. The intended strategies were replaced by new emerging strategies which caused ethical dilemmas or moved the businesses outside the scope of Affärsvärdens corporate strategy. The new businesses also demanded other organisational knowledge transfer systems than publishing so despite the fact that most of the new venture were successes, Affärsvärdens corporate management were not able to keep the professionals from "running away with the business".
The analysis above displays my interpretation in retrospect. However, the documents reveal that the majority of the partners (including myself) saw a different picture at the time in question.

The first small diversification ventures during the Founder Phase were perceived as learning, not as successes nor as failures.

During the Expansion Phase the diversification was speeded up with full consent among the partners, (except the small business magazine A&F). Even the very risky Financial Weekly project was regarded as a valuable opportunity for self-fulfilment by all partners. The partners felt that it was well worth spending the profits on such projects rather than paying most of them in taxes and more in line with the Affärsvärlden Tradition than engaging in elaborate tax-evasion projects. (Affärsvärlden had 65% marginal corporate tax at that time).

The perception changed in the winter 1986/87. The partners began to perceive Ledarskap as a never ending disappointment, Financial Weekly was perceived as a very big risk with no potential, A&F was regarded as both uninteresting and as a disappointment and the conflict with Findata was tearing.

In the crisis year 1987 almost every new venture was perceived as being on the brink of failure and the partners, including the professionals employed in the Findata joint venture, lost faith in the management troika.

Since the diversification strategy was such an essential element in Affärsvärlden ever since the star, its perceived failure rocked the foundation of the whole Affärsvärlden Tradition and opened up for the Retreat Phase and later the joint venture with Ingenjörsförlaget.

5. Towards a knowledge perspective.

The purpose of this research has been to indicate a path towards a Knowledge Perspective by exploring a way of asking questions which focus on the role of knowledge in various areas of organisations.

I believe that many of the interpretations may be general for organisations that I have labelled "information processing organisations." They can be seen as hypotheses guiding research into similar cases.

The use of a knowledge perspective is however not restricted to those organisations. Information processing is increasing in society as a whole and it is an important activity also in organisations, the output of which is not information. It has for instance been estimated that among the big manufacturing Swedish companies today, roughly half the salary costs are paid to employees working with information processing. Research into subunits within such companies might reveal similar processes as in the Affärsvärlden case.

5.1. Synthesis.

The concepts introduced in Chapter 2. and 4. can be summarised as a picture.
Individual actors are constantly involved in processes-of-knowing through which they try to make sense of the world. The most competent individuals are able to influence others by changing the rules of knowledge formation.

The actors transfer knowledge within two main traditions of knowledge: professional and organisational.

The professionals are influenced by a professional tradition. They use their tacit knowing for creating a picture of reality, which they articulate for their customers. This process is called infoduction. The outcome of the infoduction process can be transferred in the form of information, like articles, magazines, written or oral reports, seminars or books. Another way is to transfer their process-of-knowing to customers in an interactive process in a direct relation with clients.

The other actors, (management, marketing; sales; administration etc.) are mainly influenced by the organisational tradition.

Organising takes place in a dichotomy between the two knowledge traditions. This may be understood as a conflict over freedom of space between the actors.

Organising develops in two ways: as tradition of knowledge between individuals and as indirect transfer of knowledge. The latter consists of manuals, agreements, and other formats of the infoduction process which survive individuals’ coming and going.

The environment outside organisation can be regarded as markets with competitors. The competitors are other companies in the same information industry. There are two different kinds of markets to consider. Information can be regarded as products on an oversaturated Information Market; The limiting factor on this market is reader time. The
other market is the \textit{Know-How Market}. It involves a more direct transfer of the process-of-knowing, i.e. recruitment of individuals, as well as the transfer of their process-of-knowing through interaction with suppliers and clients. The limiting factor on this kind of market is the human ability to acquire \textit{skills}, \textit{know-how and competence}. Competition comes from other organisations wishing to recruit people or with intentions to involve in direct relationships with clients or suppliers of knowing.

I have used one particular conceptualisation of knowledge and it is of course possible to base interpretations on other conceptualisations of knowledge. It is the focus on knowledge and the role that knowledge plays in the business that is important.

Below I highlight four features of a more general nature:

\begin{enumerate}
\item Infoduction as the core process.
\item Relating to two markets.
\item The dichotomy profession - organisation.
\item Non-managed Organising.
\end{enumerate}

\section*{5.2. Infoduction as the Core Process.}

It is common to regard journalistic work as adding new information. It seems a common sense notion because the outcome of the work is a text that did not exist before. This notion however, misses one important aspect.

From a receiver’s point of view, one single piece of information might be very clarifying and indeed initiate (add) new tacit knowledge. However, if chaos contains more information than structure, it means that increased volumes of information do not increase potential knowledge. The effect of the large and increasing number of sources sending out information today is rather the opposite that chaos and entropy increases in the world as a whole.

When the outcome of infoduction is communicated as information, it only adds to information chaos. It might be a somewhat disappointing conclusion for many professionals involved in information processing: while they improve their own knowledge, they add to chaos and increase entropy in society. They can not be certain that the positive effects of their work, potential knowledge for some people, offset the negative effects, information chaos for many people. The efficiency and quality of their work does not necessarily mean a “better world”. The Affärsvärlden case highlights that information is not a very efficient way of transferring a process-of-knowing. Knowing is best transferred via tradition in an interactive psycho-social relation. Both the physical premises and the human relations are thus crucial.

There is no thus evidence that the increase in financial information volume during the 1980s and 1990s really has improved decision making. The increased infoduction capacity in the world is instead utilised for keeping track of a capital, that turns faster and faster driven by the same computer technology that speeds up infoduction. Today it seems as if the decision makers on the financial markets need more and more information in order to take the same decisions as before. Is it just a zero-sum game?

Researchers (i.e. Simon 1971) have since long sought the solution in automated buffers and filters, which reduce overload. The empirical data highlight the effects of computerisation on infoduction. That the effects of computerisation are perceived differently depending on whether it affects the core process or the support areas, is known (i.e. Quinn 1992) and confirmed by the case. Computerisation of the infoduction process gives opportunities for additional revenues and new businesses rather than cost reductions. It thereby directly affects the strategy.

The distancing effect of computerisation in a physical environment, Zuboff (1988) Sotto (1990), are confirmed by the empirical data from the case. However, the journalists have added a new dimension to their work. Because of their ability to use intellective tools they perceive that they come closer to the production of the actual physical pages in the printing shop, rather than further away. The distancing effect is thus not so clear as Zuboff and Sotto suggest. Might computerisation of the process-of-knowing in intellective oriented professions function two ways: both decreasing distance and increasing it? Further research might shed some light on this.
Computerisation is known (i.e. Göranson & Josefson 1988) to reduce competence as perceived by the individual (defined as the ability to change the rules of the process-of-knowing). This is because computerisation makes knowledge transfer independent of the individual by moving the process-of-knowing from an interactive process to a transfer of information. This is not always the case. E.g. the majority of those invol-ved in infoduction may perceive a considerable gain in competence. They learn new graphic skills, they increase their creative ability with the aid of word processing, they are able to do more comprehensive analyses and they may find new business opportunities. (See Chapter 4.1 and 4.2.1.).

However, the computer easily and efficiently takes over the computation element (part of skills) in infoduction. This effect forces the individuals to renew and/or redefine their work and move up the hierarchy of knowing, in order to keep up with the competition from colleagues of other media. Data from the case (Chapter 4.1.2.4.) suggest that when intellective skills are replaced by computers the technolo-gy functions as a push "from below" on intellective know-how. This observation might be valid for most intellective professions.

The empirical data confirm that the route to competence goes via initial subordination, just as Polanyi’s theory suggests. By accepting the values and the existing knowledge within a tradition, the individual junior journalist starts as an apprentice and gradually gains more space of freedom in his/her work. The paradox is thus that in order to gain the power of knowledge, the individual first must subordinate to it. It is not until professional had reached the level of competence, that he or she is able to influence the process-of-knowing by challenging the rules and values of the profession.

Another example of this complex relationship between knowledge and power is Affärsvärlden’s knowledge in stock evaluation as depicted in the Investment Indicator, (Chapter 4.1.2.2.). Affärsvärlden was thus able to transfer know-how in how to use the rules of the analytical knowledge but not competence to change the rules. This indicates that competence :transfer of is not possible to transfer between individuals - it has to be re-invented by others in a new context. Interactive transfer of the process-of-knowing might therefore be a precondition for building competence in information processing organisations. Must one accept the organisational fragility that seems to accompany it? This is one of the more crucial questions that needs to be researched further. See also below chapter 5.4.

Another crucial question is the validity of the Infoduction metaphor itself. How general is it? Can the concept catch the essentials of the production process in other information processing organisations or in other professions? The interpretations in this thesis are derived from the journalistic profession, but many other information processing professions share the same family of resemblance. The features of the process-of-knowing and the distinction between Intellective and Agentive Knowing are similar to those that most professions involved in producing, analysing or processing information display. Such professions are found in organisations or departments involved in research, in management consulting, accounting, advertising, architecture or engineering, etc. But also in public authorities, universities and governments, where most of the employees are involved in infoduction. Further research in these areas is needed to validate the concept.

5.3. Relating to Two Different Markets.

One of the main assumptions brought forward in this thesis is that the outcome of infoduction can involve two different customer relationships: a Know-how market and/or an Information market. Affärsvärlden was active on both markets. The different characteristics of the two markets, implied both problems and opportunities for managers, as was evidenced in chapter 4.4.2.

The financial information market revealed (Chapter 4.4.1.) a close relation between time and value in money terms. Therefore, the notion of Information Market should in principle be able to use for interpreting how other infoduction products will behave. It is thus possible to speak of a market for scientific information, technical information, political information, etc. with similar characteristics as the financial information markets.

This has implications for transfer of, for instance, scientific knowledge: scientific. The outcome of a scientific process-of-knowing must be possible to articulate as information. However, scientific publications enter the chaotic information markets, irrespective of the volume, the content, the intention or the author. The characteristics of the information markets unfortunately make it unlikely that a scientific publication will be carefully read by any one, unless it addresses the competitive factors identified in Chapter 4.4.1.2. What implications does this have for the relation between science and society? Must new methods more appropriate for today’s societies be developed?
The editors of the massmedia react on information chaos and competition on oversaturated information markets by exaggerating their messages and by cutting them into small and incoherent bits and pieces (Baudrillard 1992). The financial information market is a case in point. Dagens Industri became very successful through a concept designed to follow this trend. Veckans Affärer for a while tried to move against the trend, but had to redesign and relaunch following the trend.

Affärsvärlden on the other hand has so far been successful by not accepting the trend. One possible interpretation is that Affärsvärlden’s share of the financial Know-How Market was - and still is - larger than its nominal size and share of the Information Market. Affärsvärlden’s legitimacy on one market trickles over into the other. Affärsvärlden might be perceived by the readers as able to offer knowledge - not only information. This gives one plausible reason why Affärsvärlden was able to overcome the high entry barriers on the financial Information Markets in the Founder Phase. (Chapter 3.3 + 3.7).

Bourdieu (1987) advocates that there exist two kinds of capital in a culture: a commercial and a symbolic. He suggests that book publishers have two choices of strategic behaviour for reducing uncertainty: A "commercial" or a "cultural". The commercial strategy means culture produced for the massmarket. It is focused on short term pay off and concentration on bestsellers backing them up with massive marketing. The cultural strategy means a long term build-up of relations backing the artists, hoping that some of them might turn into bestsellers. Bourdieu calls this build-up of relations with authors and readers a "symbolic capital".

Björkegren (1992) uses Bourdieu’s perspective in analysing the strategic behaviour of book publishers, record companies and film industry. Such industries, he says, produce potential meanings rather than finished products. The author or film director can not decide how a book or a film will be interpreted. For a cultural product to gain commercial success its potential meaning must become "popular", which in its turn pushes up the volume and the profits.

Bourdieu’s cultural strategy seems to be similar to the from-the-inside-and-out strategy of Affärsvärlden during the Founder Phase (Chapter 4.5.5) which was based on knowledge from the professional tradition determining the agenda of discussion. The commercial strategy can be interpreted as a from-the-outside-and-in strategy when the agenda is determined by the organisational tradition.

Bourdieu’s dichotomy may also be compared to Affärsvärlden’s dual tracks of expansion. The dichotomy between the two main professional knowledge traditions, the analytical knowledge and the more journalistic knowledge;(publishing) knowledge gave rise to a dual diversification strategy, comprising two tracks of expansion: one more professional directed towards Know-how markets, the other more organisational, directed towards Information markets. (They were called the Analytical track and the Publishing track respectively in Chapter 4.5.4). Such dual strategy patterns have been found in other industries like consulting and computing (Sveiby 1986, 1987).

Although it is not entirely clear from their case descriptions, it might be possible to bring Bourdieu’s analysis one step further by applying a knowledge perspective on his and Björkegren’s cases. One might then see that the strategy has moved in cycles (see below 5.3.2) between the Professional tradition;and the Organisational tradition of knowledge. Since the first strategy tends to emerge (Mintzberg 1978), it depends on which knowledge the founders allowed to decide the agenda of discussion when the company was formed.
5.4. The Dichotomy Profession - Organisation.

One of the most critical issues in publishing companies regards the dichotomy between the professional and organisational knowledge traditions. The two traditions encourage diverging opinions among the actors, because their processes of knowing are influenced by cues and data from diverging environments.

The actors of the professional tradition tend to have an intellective bias in their process-of-knowing. Their job is infoduction and they are in constant interaction with an environment outside what is perceived as (their own) organisation. The actors who have this organisation as their main task, mostly the managers and the office staff, tend to have a more agentive bias, because their job is to organise, often through other people and mostly within what is perceived as the organisation.

The dichotomy between two areas of legitimacy via technical competence or position is discussed already by Weber (1983) followed by a/o Etzioni (1961, 1964, 1972). Weber (1986) identifies the movement in the Western societies towards structure as a human (based on Protestant religion) strive for efficient (rational) solutions to managerial problems. Etzioni describes the dichotomy as a conflict between the experts and the administrators over the legitimacy between informal and formal sources of competence. Etzioni claims that many organisations therefore develop two leaders: one informal leader; and one formal.

Weber’s and Etzioni’s research were made before the era of information processing, but the conflict between the personal and the positional powers they found is similar to the conflict between the professional and the organisational traditions in the information processing organisations of our time. (The professionals being “informal”.)

Later research also reveals the tensions between professional and organisational norms, especially in large organisations (see Hall 1987 for a summary). Hinings: Brown & Greenwood (1991) suggest with an example from change in an autonomous professional partnership, that the authority system with the clash between the organisational and professional norms is a key element for change in such organisations. The sociologist Blau (1984) concludes that professionals are not interested in organisation and Lindmark (1987) draws the same conclusion based on studies in architectural firms.

The Dichotomy between Profession and Organisation

![The Dichotomy between Profession and Organisation](image)

*Figure 25. A dichotomy between the professional tradition and the organisational knowledge tradition affects what is perceived as organisation.*

The tension between two competing power structures is particularly evident in publishing companies and has been acknowledged by Swedish researchers: a/o Engwall (1978), Issal (1984), Sveiby & Risling (1986) and Sigfridsson (1993). Argyris (1974) and Martin (1981) notice the same dichotomy, but interpret it in an American and UK context respectively, as a traditional difference between upper management and lower (but obstinate) editorial staff.
The main reason why the dichotomy often becomes a severe clash in publishing companies, is probably because journalists and (professional tradition) advertising sales people (organisational tradition) have to interact on a daily basis, since they relate to two different groups of customers and they have to compete for space on the pages.

5.4.1. Cyclic process.

The Affärsvärlden case suggests that there exists a cyclic relationship between the two traditions (Chapter 4.2.3.3) which can be distinguished only by using a very long process perspective.

Examples from other cases (Sveiby & Risling 1986, Sveiby 1991), suggest that the strategic discussions and early decisions of most new-born information processing organisations in our days are based on the agenda of professional knowledge. Also Affärsvärlden (of the new era from 1975) was founded on the agenda of professional knowledge. Due to their lack of recipes, the founders developed their own organisational knowledge in an organic process. Their process-of-knowing was transferred as a tradition, under influence from the professional knowledge which determined the agenda during the Founder Phase. (See Chapter 4.2.1 and 4.2.2). Therefore, the professional values of the Founder Phase determined even typical organisational matters, like accounting and marketing, also long after the organisational tradition had taken over the agenda.

Transition periods in which the cycle moved and “tipped over” from one tradition to the other, were particularly filled with conflict over which of the agendas should determine the future discussion. The triggers of change were perceived bad results from the previous tradition. The results made the actors change their perception by questioning the established values and symbols from the other tradition.

In periods when the organisational tradition determined the agenda the professionals among the partners found that they were left outside the information flow, which they perceived as a loss of competence. This was probably one of the main forces behind the shift between the two agendas in 1986/87.

In Affärsvärlden’s case the cycles lasted between two and six years. Some of the perceived differences between old (in years) organisations and "new" "virtual;" or "imaginary;" organisations might therefore be due to the fact that the latter are so young, that their strategies are still based on the agenda of professional knowledge.

During periods, when the profession decided the agenda, the competent journalists in Affärsvärlden were able to influence the whole organisation. But at the same time they perceived shortcomings in their organisational knowledge. Were their perceived shortcomings perhaps more a result of the influence from the values of the organisational tradition at that time (1970s)? Perhaps they were too unusual (Chapter 4.2.3.2) compared to the environment so that they did not trust their own knowing? Since they chose to "go the organisational road" in 1980, we can not know.

The power structure was fluid between organisational and professional tradition during the Founder Phase which encouraged a process of re-solving dichotomies (over and over again) in an interactive process, rather than trying to solve them once and for all. Because Affärsvärlden had two competing professional knowledge traditions sharing the same basic infoduction process, a dual diversification strategy therefore emerged. The strategy was formed from-the-inside-and-out with infoduction as the main cohesive element.

Even if businesses based on infoduction need both professional and organisational knowledge, the empirical data suggest that strategy is more likely to be successful if it is based on the agenda of professional knowledge rather than organisational knowledge. That organic processes and emerging strategies are superior to rational planning according to an organisational tradition during the initial stages of ventures, has been acknowledged by entrepreneurial research. Are new ventures, in which the professional knowledge is allowed to decide the strategy, more successful than ventures based on the agenda of organisational knowledge? This is an interesting area for further research.

Several other cycle theories may shed light on a long process like Affärsvärlden 1975-1993. Miller & Friesen (1984) identified a cycle between two archetypes in a (non-statistical) sample of 52 organisations. Mintzberg (1978) sees organisations in constantly unstable environments as tending to move in cycles between two extremes, one characterised of stability, planning and bureaucracy, the other characterised by chaos and adhocracy. The transition phases, recognised as a consequence of environmental impacts or changed perceptions can be quite dramatic. Cycles are sometimes interpreted as the well-known (product) life-cycle pattern by research into companies´ growth patterns (Ahrens 1992).
The contribution in this thesis is to specifically pinpoint the cycle between professional and organisational knowledge traditions as the most significant in information processing organisations.

5.5. Non-managed Organising.

Uncertainty reduction has since (Thompson 1971) been seen as one of the most significant forces behind managerial behaviour. A/o Mintzberg (1983) builds on this notion for explaining why adhocracies tend to move towards professional bureaucracies with growing age.

The growth of organisational knowledge into power in Affärsvärlden can be interpreted as a managerial strive for uncertainty avoidance, rationality, harmony, etc. Thereby harmony should have been achieved. This was however not the case. Managerial measures "worked" for a period but they never ended in harmony.

The failure to reduce uncertainty in Affärsvärlden might therefore be seen as managerial failure. An interpretation more in line with the basic assumptions of this thesis is that actors’ efforts to reduce uncertainty are always deemed to fail because their actions create disharmonies on other levels and in other areas.

Many actors in information processing organisations today probably perceive the conflict between the two knowledge traditions as a competition between the personal power of the highest informally ranked professionals and the positional power of the highest formal officials. It is a dichotomy which therefore must be "solved", in order to reduce uncertainty in organising and to achieve clear lines of authority.

By interpreting their situation through a knowledge perspective, it is possible to perceive it differently. The dichotomy of the two traditions can be seen as a source of creativity rather than a problem to be solved. Managers might then, as Hampden-Turner (1990) suggests, find creative solutions or businesses, which go beyond both traditions. Affärsvärlden’s infoduction projects or businesses were for instance more successful, when they were managed by people who in themselves or as teams combined both agentive and intellective abilities and both professional and organisational knowledge.

Organising in Affärsvärlden was based on tradition of knowing in most areas. The roles tended to be designed according to the people available, not the other way round. When people changed or moved, the roles were changed. The company was therefore able to survive and adopt to rapidly changing environment and a large number of various activities. Organising therefore contained in itself the processes of change, which made Affärsvärlden resemble a self-designing system (Morgan 1986).

The tradition of professional knowledge seems to have functioned fairly well. In the editorial room of Affärsvärlden, knowing was (and still is) transferred in an open unstructured way (Chapter 4.2.1.1). This way was judged so successful that the marketing department in the newly merged Ekonomi+Teknik Förlag in 1990 was organised with the editorial room as an ideal in order to improve tradition of knowledge and creativity. (Chapter 4.4.2.3).

This way of organising seems both efficient and creative. The efficiency of the Affärsvärlden milieu is evidenced by the comparison with Veckans Affärer, (Chapter 3.7). The creativity is shown by the large number of own solutions to professional problems that were designed. Affärsvärlden was also able to keep its professional knowledge reasonably intact compared to many other actors on the financial markets during the turbulent years of the 1980s.

The picture is not so clear when it comes to Affärsvärlden’s tradition of organisational knowledge. On the one hand it could be regarded as functioning quite well, because Affärsvärlden was able to survive and to be profitable all through the period. Several of the organisational solutions were quite creative too. On the other hand organising seemed weak. This is evidenced by the failure of the diversification strategy. (See Chapter 4.3). Was the weakness due to Affärsvärlden’s own local tradition, which encouraged primarily interactive tradition of knowledge rather than indirect systems? It does not seem so.

In fact there existed several quite strong indirect knowledge transfer systems. The formats of the magazines and the other indirect systems, which were elements of the infoduction process thus transferred (Chapter 4.3) the process of knowing quite efficiently, independent of individuals. Very few other control systems were needed. Much of the knowledge transfer in information processing is thus in the format and in the process. The infoduction process itself contains elements, which make organising a natural part of the professional process-of-knowing. Also, the formats of
the information products function as frameworks of organising. In a more general sense this suggests that very few indirect control systems and few supervisory managers are needed for the survival of an information processing organisation.

However, the indirect knowledge transfer systems that functioned so well for Affärsvärlden were not possible to transfer to other ventures. They were of little assistance when the team ventured into markets that had other relationships with their customers, like Consensus. Financial Weekly failed for other reasons, but the difficulties with cultural differences were obvious. The Findata case (Chapter 4.3.1) also underlines that conscious “management” of a tradition is very difficult, if not outright impossible, when there exist conflicting owner interests or diverging professional knowledge traditions.

Because of the natural drive to increase their space-of-freedom, professional key people, employed in businesses outside the core business, tend to question the relevance of any existing power structure. The interpretations of Affärsvärlden’s diversification strategy might therefore shed some light on the complex problems involved in building large information processing organisations with many subsidiaries in several countries or in different kinds of markets.

As is evidenced by Swedish consulting companies’ much publicised failures in their efforts for internationalisation, such problems are very difficult to handle. As long the company does not venture into areas outside the core, the infoduction process and/or the formats of the information products function seem to suffice.

The tensions between the two traditions thus seem to be fruitful for both infoduction and for coping with the uncertainties of the business environment. The publishing industry may perhaps serve as an example for other information processing organisations. Publishing has for instance a tradition to handle the dichotomy by appointing two top leaders, one editorial and one organisational. They are forced to re-solve the tension on a daily basis.

Publishing industry therefore shows features which might be valid for most businesses based on infoduction. They should also be valid for public authorities, universities and other institutions, the production of which to a large extent is information processing. Many of the efficiency problems in public authorities might be due to a surplus of intellective oriented people, who interpret demand for agentive action into a supply of intellective action. The case suggests that the creative tension is lost if one of the two traditions is allowed to dominate, or if the tension is ”solved” once and for all.

Further research into questions how knowledge transfer, tradition and infoduction can be seen as key elements in organising is therefore needed. Such research may also shed light on the question why so many information processing organisations today seem to allow the organisational tradition take over the agenda of organising. In publishing the dichotomy is for instance often ”solved” by allowing the managing director to be appointed publisher with also an editorial responsibility.

Managerial measures which go against the findings and suggestions of this thesis are in fact abundant in most information processing organisations. Competition between individuals is enhanced as a means to enhance efficiency. Professionals - not only journalists - are encouraged to become celebrities and as a consequence are rewarded with own columns and own rooms. Managers do not share the same floor as the professionals involved in infoduction, so they are left out of the interactive knowledge transfer.

Non-managed knowledge transfer is thus hindered and constant re-solving of the dichotomy profession organisation is prevented. As a consequence the dichotomy is soon not seen as a source of creativity but as a problem in need for “management”. Instead of dichotomies being constructive they become destructive the formats and natural processes of infoduction are seen as obstacles in the organising efforts rather than opportunities. Managers may feel forced to install indirect knowledge transfer systems like computer reports or add levels of management for control. Instead of finding new supporting roles, managers seem to seek security in the old supervisory role, once designed for the factory of the beginning of the century.

Organisation research tends to have a bias towards large and old organisations and the (often implicit) norm is that harmony should be achieved.

To regard disharmonies and dichotomies as norms rather than deviations from the norm, might be a better basis for understanding especially the kind of organisations I have in mind in this thesis.
Where should research look for clues? Rather than being uncomplicated and not so interesting for organisation theorists, small and new organisations in some of fast growing information processing industries may display new ways of organising, because they are based on human processes of knowing and they have not yet been taught "how to organise properly".

One way to see these new developments might be through a Knowledge Perspective.

1.6. References.


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Appendix:

Treatment of empirical data.

I have used three kinds of sources (in order of significance):

1. Written documents.
2. My memory.
3. Interviews.

Written Documents.

My main source of data are documents from three archives, the company archive, Ronald Fagerfjäll’s private archive and my own private archive. I also made a few interviews, sent out a small questionnaire and got eight essays from Affärsvärlden employees.

The documents were:

1. Internal historic documents, letters, statistics, memos etc. from the three archives.
2. Internal historic documents collected from colleagues.
3. Essays written by colleagues.
4. Documents from external public sources.

I distinguish between personal and institutional sources and between public and private sources respectively.

The volume of the archives was approximately 8 meters of documents stacked in folders or binders. It responds to roughly 18,000-20,000 pages A4.

The volumes were:

1. The old company archive (no longer in active use), ca 5 meters.
2. Ronald Fagerfjäll’s personal archive, ca 2 meters.
3. My own personal archive, ca 1 meter.
4. A small number of documents collected from colleagues.

The first problem was the problem of overview. On the other hand, I was assisted by my preunderstanding. This is how I treated the documents:

1. I collected all the documents in one place.
2. I made a preliminary disposition of my case story. After this I made a priority list of the kind of documents that I wanted. Since I was primarily interested in documents that could yield insight in the internal process I ranked personal documents and confidential sources on top of the list.
3. I sorted my own archive into order of disposition, like "Ledarskap", "Financial Weekly", "Recruitment", "Explicit Strategy" etc. The most important documents were coded with a date code plus a code that described whether the document was a memo, a letter etc., according to the table above.

4. After this I examined the old company archive. It contained documents from 1973 to 1986. The archive had been put aside and had remained unopened for many years. It was locked and the key had disappeared. The largest volume, ca 1 meter, were tax returns and employees’ files. Those files were excluded. I also excluded advertising material, old agreements and consulting memos (produced by Affärsvarlden partners for external clients). I excluded all duplicates of documents found in my own archive. All accounting reports, both confidential and public were put in a separate box.

5. Fagerfjäll’s archive was the last. He had already ordered it into a chronology and I retrieved documents according to the same principle as above. Now I found a large number of duplicates which were excluded.

6. After this process, the remaining documents were:

a) Ca 1000 pages A4 written documents containing mainly text.

b) Ca 500 pages accounting documents containing mainly numbers.

c) A small number of photographs, brochures and charts.

The documents were almost entirely in the category confidential. Old public documents, such as public statistics, were not used as narrative sources (exceptions are marked in footnote) but treated as remnants. I used the latest public statistics in the analysis.

3. I sorted my own archive into order of disposition, like "Ledarskap", "Financial Weekly", "Recruitment", "Explicit Strategy" etc. The most important documents were coded with a date code plus a code that described whether the document was a memo, a letter etc., according to the table above.

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6. After this process, the remaining documents were:

a) Ca 1000 pages A4 written documents containing mainly text.

b) Ca 500 pages accounting documents containing mainly numbers.

c) A small number of photographs, brochures and charts.

The documents were almost entirely in the category confidential. Old public documents, such as public statistics, were not used as narrative sources (exceptions are marked in footnote) but treated as remnants. I used the latest public statistics in the analysis.
Computer Aided Technique.

I used a computer technique for some of the analysis. Some 2/3 of the documents were scanned and stored in a personal computer. I registered the numbers in the spreadsheet program Excel.

I used a computer program for the text analysis called HyperQual. The program is intended for researchers, who must process a lot of unstructured qualitative data from interviews or documents. It can be regarded as an advanced document sorter that creates "stacks" in which the researcher can put pieces of the text. It can also be used for retrieving exemplars of texts (cutting and pasting) and collecting/sorting them in a specified order under categories or headings, "tags". These stacks can then be resorted, merged and recoded in as many iterations as wished.

The first list of categories were based on my preunderstanding of the case. I thus used codes like "Ledarskap", "Financial Weekly", "Recruitment", "Profit sharing", the names of the actors, etc. The list soon started to grow due to the findings. The next list therefore contained codes derived from reflection, like "Collective value", "Self-fulfillment", "Professional", "Organisational", "Power". I had to divide too broad headings into subcodes.

Now and then the codes were sorted in chronological order. This revealed cycles, the coincidence of apparently unconnected events etc. Another kind of codes appeared: codes based on reflected codes: "Strategy as articulated", "Strategy as implemented", etc.

I then stopped using the computer and went the other way, trying to distinguish a pattern under a few "supercodes", like "Knowledge", "Power", "Dichotomy Professional/Organisational".

I tried to find particularly revealing textstrings that could be used as quotes. They were collected in one stack. I then went ahead and wrote the "Source Case" using as many of the quotes as possible.

The computer is very good at speeding up the coding, sorting and structuring procedure. The program coding was done by copying examplars, not cutting them. Therefore the same piece of text could be found under several headings. The volume therefore rapidly increased. But the computer is very efficient in this and enables the researcher to cover a much larger volume of data in a short time compared to cutting with scissors and pasting with glue, which is otherwise the fate of the qualitative researcher.

However, a researcher that uses scanned documents losses a lot of information, which can not be stored, like coffee spots, hand written commentaries, bored scribbles etc., that tell the researcher a lot about the context of origin. The computer also adds information to the texts, invisible control codes for steering the appearance on the screen and codes for controlling the printer. The document that has been scanned, stored and then reprinted may look exactly the same but is of course not a historic remnant.

I thus found that the computer both enhanced and reduced the information intake of the researcher. Therefore I was careful not to loose the original documents. They were coded and stored in such a manner that they could be easily retrieved for checking. This proved very important because I noticed that some of my memories were intimately tied to the physical appearance of the documents.

Criticism of the Documents.

I have had an entirely free and unrestricted access to the archives. Problems of authenticity or restricted access did not exist. The history was still fairly fresh in my memory and I had seen many of the documents before. The quality of the documents was thus highest possible.

I distinguish between documents I have used as narrative sources and documents I have used as remnants. I have used text documents as purely narrative sources in relatively few cases. If I have done so I have marked them in a footnote and tried to validate the truth of the content against later development.

I have used latest possible public statistics from external sources. Old public statistics found in the archives have been used primarily as remnants, i.e. my interest primarily being in what the actors were aware of at a certain point in time.
Internal accounting data suffer from the same weaknesses as regards truth content as accounting data always do, new or old. They have been treated as the text sources above. When I have encountered inconsistencies between the contents of two documents containing accounting data I have as a rule relied on the latter document, the logic being that errors have been corrected.

**Memory as a Source.**

The human memory is a fragile source of information. Still it is the most common source of empirical data in social research, mainly because there often exist no alternatives.

In this thesis I rely on my own memory as a source and - to some extent - on the memory of others. Tapping the source of memory of others is mostly done by interviewing, a technique that adds to the fragility of the data.

Tapping the source of my own memory as I did in the research process improved the quality compared to interviewing. The first reason for that is that the process of writing tended to bring forward memories that I did not know that I had. The second reason is that the documents of the old archives triggered off a number of memories that I was unaware of. The third reason is that the combined effort of reading old documents and writing added a combined quality to the data from my memory that I think was of a higher order than the data themselves.

I thus think that the data I have retrieved from my memory using this process are of higher quality than the data researchers normally get by asking people to tell stories relying on their memories.

I therefore regard the researcher’s own personal memories as one of the best possible sources of qualitative data that are available. I think research benefits from the use of data collected in practise. In this I agree with the view of action researchers and the ethnographic approach.

The problem with personal memories as data are of another kind the validation of the data are difficult.

**Validation of Empirical Data.**

The problem with empirical data collected from memory is that they are subject to a number of inconsistencies, tendencies, rationalisation in retrospect etc. I have used Miles & Hubermann (1984) as a guideline and - as a rule - tried to validate memory data through triangulation, i.e. checking data against other independent sources.

One important source for triangulation was the book by Ronald Fagerfjäll, *Affärsvärlden 1901-1990*.

Another source of triangulation were the documents themselves. There were numerous cases in which two or more documents were covering the same event.

A third method of validation has been to let one of my senior colleagues with a long record in Affärsvärlden read and comment the Source Case. I have also allowed some of my colleagues both still with Affärsvärlden and who have left the company read the edited case story (Book 2) and comment on it before I finalised the last version of it.

Quotes from people have been validated individually. Comments regarding the sources and the validation are found as foot notes in Book 2. A single code “881213” as a foot note means that the source is a document from the 13th of December 1988 and that I regard the quotation as validated. Otherwise I have made a separate comment.