Containing the "tug-of-war" in knowledge-intensive firms: insights from social regulation theory

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Abstract:
This paper examines the processes through which the latent and manifest tensions between individuals and the organization are regulated in knowledge-intensive firms (KIFs). These tensions, and the ways to reduce them, have been studied by various literatures, most of which have tended to fall into what we call a "utilitarian" or a "social control" perspective, with the former seeing knowledge as a strategic resource, but largely ignoring the possible tensions, while the latter focuses on how individuals are being both controlled and manipulated towards acting in the organizational interests. To provide a more balanced approach, we propose an integrative framework based on the social regulation theory of the French sociologist J.-D. Reynaud (1988), which, we argue, addresses the individual and organizational levels as interdependent and helps theorize the processes that make KIFs work by containing/limiting the potential "tug-of-war" between organizations and their employees. The papers then illustrates this novel approach by using management consulting as an illustrative/exploratory case study, examining how organizations and individuals have attempted and managed to regulate the tensions regarding its three main assets/fundamental resources: knowledge, reputation, relationships.

Keywords: Knowledge-intensive, social regulation theory, intellectual capital, reputational capital, relational capital, management consulting.

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1. INTRODUCTION

There has been an extensive literature on the knowledge economy, seen as the future of competitiveness, especially in the advanced countries (e.g. Powell and Snellman 2004). This literature has looked both at the so called "knowledge workers" and at knowledge-intensive firms (KIFs). One of the issues faced by the latter is that their main strategic asset, i.e. knowledge, is retained in large parts by the individuals working in these firms. Hence, the main challenge for an organization in this context is to assure the access to and exploitation of the knowledge held by its members. However, since knowledge is their most valuable asset, the latter have an incentive to share it only strategically hoping to gain more "power" and other benefits. This situation –where organizations rely on individuals' knowledge that these might not be willing to share freely– has to a certain extent been discussed in the literature. Some have seen the rise of knowledge worker as a kind of death spell for traditional organizations and traditional employment patterns, empowering highly skilled individuals to work on their own or in more temporary organizational roles (e.g. Drucker 2002; Handy 2001). The vast majority of the literature has tended to look at this situation from the point of view of the organizations and has examined how these can "manage" that knowledge – an effort seen to be complicated in cases, where the knowledge is difficult to be formalized (e.g. Nonaka & Takeuchi 1995; Alvesson & Kärreman 2001).

This literature on what is widely referred to as "knowledge management" has tended to take one of two perspectives. On the one hand, there is what could be called a "utilitarian" perspective, where knowledge is seen as a resource to be developed and mobilized; and the extent to which this can be made to happen as a major driver of competitive success in a knowledge-based economy (see namely the work by Hansen and colleagues). This part of the literature is predominantly normative, i.e. aims at identifying the best ways to capture and manage that knowledge, with the interests of the individuals holding it receiving only scant attention. On the other hand, there is a body of literature taking what one could call a "social control" perspective, which seems inspired by labour process theory (Braverman) and critical management studies. Put somewhat simplistically, these kinds of studies investigate how KIFs succeed in appropriating the knowledge held by their employees. For instance, in their widely referenced case-based research Alvesson and colleagues found that technocratic-bureaucratic mechanisms work only to a limited extent in KIFs when it comes to making the employees comply with corporate objectives and hence were supplemented with socio-ideological management tools, leading to what they refer to as a "soft bureaucracy".

While advancing our understanding of how KIFs are and should be managed, both perspectives remain somewhat reductionist and one-sided in their focus on (a) the mechanisms employed at the organizational level – which knowledge workers can apparently only elude by leaving these organizations and (b) knowledge – however defined – as the only asset of interest to both organizations and individuals. We argue that, in order to address these shortcomings, it is necessary to (a) adopt a two-sided approach, which considers not only the interests of the organizations but also the benefits individuals might derive from joining a KIF and (b) look beyond "knowledge" in terms of the assets/capital underpinning the success of these organizations. The paper explores these both of these avenues based on the case of management consulting, which has frequently been used as an archetypical case of a knowledge-intensive business (e.g. Hansen et al. 1999; Haas and Hansen). It draws both on the extant literature, including earlier research by the authors, which, on the one hand, has looked at how consulting functions as a "business" from a historical and comparative perspective and, on the other, has examined processes and relationships in two specific consulting firms based on interviews and observations.

What follows consists of three main parts. We first provide a more extensive overview of how the literature has examined the tensions between individual and organizational goals in KIFs and what has been suggested about the ways these tensions are and/or should be managed. We then discuss the shortcomings of the various approaches. The second part presents a framework for theorizing the "tug-of-war" between organizations and individuals in knowledge-based businesses drawing on the work of the French sociologist Jean-Daniel Reynaud regarding processes of negotiation and social regulation (Reynaud 1989; 1995). It focuses on the "control regulation" imposed by the former, countered by the autonomous regulation among the latter and the efforts to reduce tensions between the two and move towards cooperation for mutual benefit through "joint regulation". In the third part of the paper, we illustrate the usefulness of this framework by examining the case of management consulting, an archetypical knowledge business. We explore in some depth how organizations and individuals have developed these various forms of regulation for each of the three main assets of the management consulting business, which we refer to, respectively, as intellectual/knowledge, reputational/image and social/relational capital. To conclude, we then suggest possible avenues for future empirical research

2. CONCEPTUAL BACKGROUND

2.1. MANAGING TENSIONS IN KIFS: DOMINANT PERSPECTIVES AND THEIR SHORTCOMINGS

The literature on the knowledge economy and knowledge workers that has been blossoming since the 1990s (with the latter term apparently first coined by Peter Drucker in 1959) was initially very positive. Knowledge was seen as a way to revive the sagging fortunes of the old economy companies, which were increasingly falling behind new rivals first the "Asian tigers" (Amsden) and now the BRICs, which are benefitting from lower labour costs to gain a competitive edge in many traditional industries. Knowledge as a source of competitive advantage also gelled well with the emerging resource-based view in the strategy literature (Barney 1991; Eisenhardt & Santos 2001). The recognition that knowledge needed to be managed – and that this might be a complex and possibly contentious process, because of the nature of this knowledge and the interests of those holding it, only slowly dawned on those researching the topic. This might have also been due to the fact that early examples of knowledge-intensive companies were from countries, i.e. Japan, where the relations between workers and management were largely consensual due to the underlying national culture (Nonaka 1998; Ouchi).

As mentioned above, eventually some came to partially observe, partially prognosticate the demise of traditional organizations and traditional, long-term employment relationships for those with highly sought after talents. While Handy (2001) drew mainly on his own experience to contrast the "elephant", in his case Shell, and the "flea", i.e. himself, Drucker (2002) pointed to the rise of temp agencies, which he saw as no longer focusing on lower level personnel, and of professional employee organizations (PEOs), which were taking over HR and even employee management for other organizations. And he linked these developments with the rise of knowledge workers and the associated challenges for management due to their high degree of specialization, which he claimed was leading to "splintered organizations" (p. 5). In this context, he saw temp agencies and PEOs as a new way for placing a knowledge worker "where he [sic!] can make maximum contributions" and, at the same time, "in increasingly better-paid jobs" (p. 6). He implicitly acknowledged tensions between the interests of these individuals and the organizations they worked for – even if temporarily – by characterizing "balancing its dual responsibility – to the corporate client and to the employee" as "probably the PEO's most important and challenging job" (ibid.).

These tensions take even more of a back seat in a large body of literature that focused almost exclusively on the organizational level of analysis and examined how what came to be widely known as knowledge-intensive firms (KIFs) generated, captured and applied this knowledge and/or made suggestions of how they should do so (for an example see Davenport & Prusak, 1998). Much of that literature was indeed normative and addressed at practitioners, published in newly established journals such as *Knowledge Management Review*. We suggest labeling this approach "utilitarian" or "optimization" perspective, since it treats knowledge as a resource and looks for ways to manage it most effectively at the organizational level – focusing in particular on the use of technology in processes of knowledge capture and dissemination (e.g. Alavi & Leidner 2001). Much of the examination and debate in this literature has centered on the role of technology. A widely cited example for this approach is the article by Hansen et al. (1999), which uses management consulting firms as case studies to identify two ideal typical ways for KIFs to manage their most important asset, which the authors refer to, respectively, as codification and personalization, with the use of IT used for storage and retrieval of knowledge in the former and for connecting the most knowledgeable individuals in the latter. Hansen et al. (1999) see the choice between these strategies as important, suggesting KIFs need to predominantly use one of them, and should do so mainly as a function of their product/client strategies with consultancies either reusing similar knowledge or drawing on individual expertise to develop new, customized knowledge.

Why individuals working in these organizations would willingly share their knowledge, by either depositing it in an IT-based system or communicating it to their colleagues, is a question neither asked nor answered here. In subsequent work based on a study in a single management consultancy, Haas and Hansen (2001) do look at the individuals working in this firm, studying how they can generate attention for the knowledge they provide to others. They do conceptualize this as a market-type process, making two crucial assumptions namely that those gathering, transforming and eventually disseminating knowledge internally are separate from the users and that they both receive rewards for their participation in the system, the former through performance evaluations and/or social status and the users because the "documents help them to perform their tasks" (p. 2). But the scenario that underpinned the Hansen et al. (1999) article, namely that consultants themselves hold the crucial knowledge and need to actually share it (either with a system or their colleagues), is –somewhat surprisingly– no longer contemplated, even if it represents, from all we know, the standard pattern of knowledge management in consulting firms (for a review of the relevant research see Werr 2012).

But in general, as the use of some form of knowledge management systems progressed, the interest in the human element increased, since both practitioners and researchers realized that individuals were reluctant to share their knowledge and needed to be incentivized to do so. This is also a reflection of other groups within KIFs, namely HR professionals, jumping on the knowledge management bandwagon to capture some share of the related resources that had so far been allocated almost exclusively to those managing and handling IT systems (Scarbrough 2003). This gave more prominence to another perspective that had been developed alongside the utilitarian view – interestingly enough also originating from the in-depth case study of a consulting firm (Alvesson 1995). This perspective did include the individual level of analysis from the outset, but it nevertheless focused on how organizations managed to get the individual knowledge workers to espouse organizational goals and share their knowledge. This research has its intellectual roots in critical management studies and, ultimately labour process theorizing. Similar to the latter it assumes that the knowledge of individual employees is appropriated by the organization and its managers – and aims to understand more specifically how this is done. Kipping and Kirkpatrick (2007) for instance have argued that, somewhat ironically, while the early consultants sold Taylorist systems to their clients, the current ones use similar systems themselves to manage their workforce and their knowledge. In his popular book, Craig (2005: 144) described them even more provocatively, as "mass production consultancies churning out endless dross of vanilla consultants".

Alvesson and his colleagues have probably published most extensively based on this kind of approach (e.g. Alvesson 1995; 2000; 2004; 2012; Alvesson and Kärreman 2001) – which we refer to as the "social control" perspective. What they found in their studies is that technocratic-bureaucratic mechanisms and "systems", which had been the centerpiece of most of the utilitarian research, were insufficient to make knowledge workers fully comply with organizational objectives. In addition, and sometimes even predominantly, the KIFs they studied therefore used cultural or "socio-ideological" management tools, leading to what they have called a "soft bureaucracy". In a study of a dot.com business, which they anonymized as Vulture.com, McKinlay et al. (2005) also described in some depth how employees were bound, almost in the literal sense, to the firm by a variety of social mechanisms, including a bar located inside its headquarters. Many of these studies have also somewhat downplayed the role of "knowledge" as a key strategic resource or at least of any particular type of knowledge, pointing out instead that it is "an ambiguous, uncertain and dynamic phenomenon" (e.g. Alvesson & Kärreman 2001).

These studies have generally paid more attention to the individual knowledge workers than those from the utilitarian perspective – albeit suggesting that they can be manipulated easily into sharing their most valuable asset with the organization and others within it, consequently, depriving themselves of any (bargaining) power. This seems a rather simplistic assumption reducing these individuals to gullible victims. It is difficult to imagine that individuals would join KIFs if they had nothing to gain – unless they are all either altruistic or totally brainwashed. Overall, therefore, an approach is needed that considers the interests and objectives of *both* individuals and organizations and examines the processes that allows balancing these interests and reducing or even eliminating potential tensions between them.

To do so, we suggest drawing on social regulation theory originally developed by the French sociologist Jean-Daniel Reynaud, which, as we will try to show in the subsequent part of the paper, offers a balanced, two-sided perspective of the ways in which tensions in KIFs are being addressed.

2.2 REGULATING TENSIONS IN KIFS: A FRAMEWORK BASED ON SOCIAL REGULATION THEORY

The French sociologist Jean-Daniel Reynaud (1988) developed in his theory on social regulation the idea that organizations are constantly submitted to dealing with two forms of regulations: control regulations and autonomous regulations. He initiated this line of work in the late 70s, aiming at concealing two opposite visions of the organization: a functionalist, holistic vision on the one hand and an individualistic, actor-centered vision on the other. In his social regulation theory, Reynaud proposes a vision that integrates both perspectives, putting forth that social order and organizations are submitted to, and the product of both, institutional norms AND individual (re)actions. For Reynaud, the opposition between holism and individualism, between prescription and "real" individual action does not properly allow for explaining the functioning of organizations. Both are highly interdependent and need to be thought of as equivalent forces that structure organizations and their functioning.

In the heart of Reynaud's regulation theory is the notion of "rules". These are defined in a very broad sense as collectively shared ways of doing. The organization is thought of as made up of formal rules and prescriptions formulated and imposed by management on the workforce, and of informal rules developed collectively by the workforce. These formal and informal rules are most of the time conflictual and their co-existence is subject to negotiations between both entities, management and employees. Reynaud distinguishes three types of regulations: control regulation which relates to prescriptions and norms conceived by management, autonomous regulation emerging from informal interactions between employees at the bottom, and joint regulation which refers to the compromise made between the two former types of regulations.

Control regulations comprise the formulation and maintenance of prescriptions that define the organizational modus operandi. Broadly speaking, control regulation relies on formal rules or other managerial initiatives that seek to shape organizational activity in a top-down manner. It is the exogenous control which "weighs externally on the regulation of a social group" (1988:7) and is oriented towards organizational effectiveness.

Autonomous regulation, on the other hand, emerges from the bottom and consists in rules and processes developed by the actors who manage directly the workflow, so here consultants. It is thus a form of endogenous regulation consisting of local adaption and drifts in the appropriation of the modus operandi set by management. In order to make work more effective and more autonomous, actors develop local practices which are then entrenched through group learning and socialization processes.

Both forms of regulations need to be aligned in order to ensure the organisation's survivor and effectiveness. This alignment can be achieved in the form of a third form of regulation which Reynaud (1988) coins 'joint regulation'. Joint regulation appears when actors manage to identify common interests and to work out consensus between control and prescriptions and local adjustments. Following Renaud's theory, the co-existence of both forms of regulations, managerial prescriptions and local adjustments, can only provide stability to the firm when a joint regulation emerges. This implies that actors find a certain consensus between both forces, driven by the recognition of shared interests. In other words, consulting firms can in this perspective only survive if an equilibrium is created where sharing assets is perceived as a beneficial trade-off by both parts, the organization and the consultants.

Reynaud developed his regulation theory mainly by studying professional relations in industrial sites, analyzing how workers managed to collectively act against managerial rules. His primary focus was on how employees, considered as the "dominated" part of the organization, were able to resist to rules imposed by the dominating part, i.e. management. Subsequent work applied regulation theory to analyze the functioning of high reliability organizations, putting the stress on the prevailing role of employees in organizing work efficiently (Alter, 2000 ; De Gerssac, 1992, 2012). De Gerssac (1992) in his study on power plants, found that workers developed informal rules and work procedures that were contradictory to managerial prescriptions. However, it was only because of the development of an informal organization that work could be carried out efficiently and that management started to adapt rules to the particular local context.

Regulation theory breaks with a functionalist perspective and recognizes individuals' power to influence their environment, the organization they are part of. Organizations are social systems which emerge through interactions between its parts, between employees, and between management and employees. These interactions are at the origin of the "rules of the game", where the focus is on the local adaption of norms in order to ensure stability: "*The social whole is a heterogeneous accumulation and little coherent with a very large number of partial interdependency relations. The global equilibria are instable and changing. The elements of stability and continuity have to receive local explications.*" (Reynaud, 1997: 199). Regulation theory considers that the normative framework is not deterministic as it is presented by research on KIFs. Instead, conflicts and negotiations are according to regulation theory in the center of organizational life. Individuals constantly establish compromise that allow for collective action to take place. Employees put formal norms into question when these threat their identities and efficiency. At the same time, management seeks to exercise control to limit employees' autonomy. A compromise needs thus to be established between management and workforce, between formal norms imposed by management and informal norms adopted by employees. Regulation theory thus stresses a cyclic regulative phenomenon where the search for control by the top and the search for autonomy and efficiency by the bottom are interdependent and under constant negotiation between both parties.

To put it in other words, regulation theory puts the emphasis on interdependencies and interactions between formal and informal rules, between management and the workforce, as the fundamental forces underlying efficiency of every organization. Applied to the case of KIFs, the theory hence allows for accomplishing the shift in focus we claim is missing in present work: i.e. a parallel consideration of managerial control and incentives towards knowledge workers to make them share their knowledge, and of knowledge workers' responses to managerial action in order to maintain their identities, work autonomy and power sources. It further puts the stress on organizational rules as forms of compromise, resulting from the negotiation of the degree of control and autonomy acceptable for both parties. It is this negotiation that the theoretical framework puts in the center of the analysis that makes in our view its particular strength for comprehending KIFs. Research has largely recognized the particular power of knowledge workers, stemming from their control of resources which are difficult to externalize or imitate. It is thus only a natural step to develop a more sound understanding of how this power is then used by them to resist managerial control and to co-define the normative setting in which they evolve on a daily basis. Regulation theory allows as we argue to make this step.

To illustrate/explore the usefulness of this theoretical framework for understanding the regulation of tensions in KIFs, we examine the case of management consulting, which, as the literature review above shows, has frequently been used as an exemplar for examining knowledge management practices (see also Kipping and Clark 2012b).

3. AN ILLUSTRATION BASED ON THE EXAMPLE OF MANAGEMENT CONSULTING

3.1. MANAGEMENT CONSULTING

Management consulting is, we contend, also an excellent case to explore the tensions – and their regulation – in knowledge-intensive firms (KIFs). This is due to three characteristics. First of all, it is individual consultants that have direct and personal access to the firm's clients, where they tend to gather most of the knowledge and form the relationships that constitute the backbone of the business (see below). Second, consultants tend to perceive themselves as independent entrepreneurs or "professionals" (Gross and Kieser 2008) rather than as "organization men/women". Third, consultants operate in a coopetitive setting, having to collaborate with each other on projects while competing at the same time for resources, notably clients. This means that tensions can likely be found not only in the relationship between individuals and the consulting firm but also among individuals – putting potentially more strain on the organization.

At the same time, consultancy activities are based to a large extent on the interaction between people. This is not only true for the actual carrying out of an assignment, but also for the establishment of the relationship, which is at its origin. It is very difficult for potential clients to evaluate the quality of consultancy services beforehand, because they are intangible and consumed at the same time as they are produced (Clark 1993; Mitchell). Most other professional services, such as accounting or law, have managed to reduce the resulting uncertainty and risk by regulating entry into their profession, for example through a compulsory qualifying exam. Similar entry barriers and quality control mechanisms do not exist for consultancies, despite considerable efforts made in this direction by the relevant professional bodies (Kirkpatrick et al. 2012). The decision to hire a consultant therefore relies almost exclusively on the reputation of the service provider and the establishment of a trust-based relationship between consultant and client (Kipping 1999; Glückler and Armbrüster; Kipping and Clark 2012b).

While a consultancy might be able to differentiate itself from the others by selling a specific approach or “product”, it is difficult, almost impossible to sustain this advantage over the long run. On the one hand, it is difficult to keep the underlying knowledge proprietary and, as a result, most of the successful approaches and ideas are copied quickly by competitors (e.g. Fincham 1996; Benders et al. 1998). On the other hand, these “fashions” tend to loose their appeal quite rapidly, being replaced by other “fads” of a similarly short-lived nature (Abrahamson 1996). The creation of a strong brand name and identity as a signal of value is therefore crucial for the long-term survival and success of a consultancy. Probably even more important are its long-term relationships with client companies. Once established, they provide a stable source of income, because of the significant transaction costs for clients who search for or switch to a new service provider. The establishment of these trust-based relationships takes place at a personal level and is facilitated by social, cultural or educational proximity between consultants and clients.

As we already pointed out, literature on KIFs, and on management consultancy in particular, dominantly addressed mechanisms through which a control regulation is achieved. The focus is here on incentives for employees to cooperate and to share their knowledge and assets. Further, it is above all the control of intellectual assets that has been issued in these studies. Managerial initiatives to control other types of assets such as individuals’ reputational and social capital have been highlighted to a far lesser extent. That is also the case for sources and processes leading to an autonomous regulation. Only little attention has been brought to the way individuals react to the control mechanisms put in place by management and develop collectively own rules and behavioral norms to counterbalance managerial control.

In order to examine the resulting tensions between individual and organizational objectives and their regulation, it is therefore necessary to examine the three different types of assets that are strategic for consultants individually and the firm as a whole: intellectual/knowledge, reputational/image, and relational/social capital (Table 1).

Table 1: Sources and Uses of Consulting Assets

Client Markets	Assets	Labour Markets
Transfer ← Extraction →	Intellectual (Knowledge)	← Background → Learning
Legitimacy ← Visibility →	Reputational (Image)	← Good schools → Curriculum
Assurance ← Introductions →	Social (Relationships)	← Networks → Contacts

Source: Kipping (1999; 2015)

Subsequently, for each type of capital we highlight its strategic character for the organization on the one hand (which is apparent in terms of the ability to deliver services to its clients), and for individual consultants on the other. We then identify sources of tensions and examine in some detail the control, autonomous and joint regulations developed to address them.

3.2. Different forms of capital and regulative mechanisms to contain tensions

3.2.1. Intellectual capital

In management consultancy, as in KIFs in general, intellectual capital has been addressed as the most obvious and central asset. As pointed out above, many scholars put forth the strategic nature of knowledge and skills in the consultancy sector, where competitive advantage is largely relying on differentiated knowledge and the quality of services provided to clients (Hansen, Nohria & Tierney, 1999). The intellectual capital of the firm is above all comprised in the portfolio of products and services it proposes on the market, its offer. This portfolio is

an interesting resource to access for individual consultants, as it provides them with a bundle of generic solutions and cumulative know-how they can sell to clients.
The quality of services provided, in turn, depends strongly on the expertise, competencies, know-how experience of individual consultants to identify and analyze clients' needs and issues and to conceive and implement adequate solutions. As consultants are the ones who are in direct relationship with the client and as client satisfaction depends directly on the service they provide, their intellectual capital is thus a primary asset for every consultancy that it needs to access. In that sense, the organizations competitive advantage is tightly linked to the willingness of individuals to share their knowledge. This is all the more important as assignments are usually carried out collectively by a team of consultants. Cooperative behavior between consultants, willing to share and transfer their knowledge to coworkers, is here an essential condition for ensuring team, and ultimately, firm performance.

This situation drives to tensions stemming from the organization's reliance on consultants' willingness to share their knowledge, and on the latters need for exploiting the organization's knowledge base as a valuable pool of existing confirmed solutions.

The regulation of intellectual capital has mostly been addressed in relation to the topic of knowledge management (KM) in management consultancy. The role and processes of managing knowledge has been a strong area of focus in this field, management consultancies competing primarily on knowledge as their core asset and being considered as pioneers of KM (Hansen, Nohria & Tierney, 1999). Primary attention has here been put on control regulative mechanisms, i.e. how the firm ensures the sharing and dissemination of knowledge, and on how this allows consultancies to create competitive advantage. Knowledge is dominantly viewed by this literature as 'possession' that can be objectified and hence captured, codified and transferred within the organization (Werr, 2012).

The willingness of individuals to share their knowledge and to use the knowledge of others is only marginally issued. As Werr (2012) notes, the assumption that knowledge sharing relies on managerial control alone is however strongly questionable and contrasts with work that considers knowledge as socially embedded (Hansen, Nokria & Tierney, 1999; Schwartz & Clark, 2010). According to these scholars, knowledge is context specific and practice related.

Its sharing and transfer require interactions of consultants and the development of joint understandings of sharing a practice. Socialization and interactions among individuals being here important vectors of managing knowledge relate to autonomous regulative mechanisms, where individuals share, independently from managerial incentives, knowledge in the course of joint missions and social interactions.

Following Reynaud, the co-existence of control and autonomous regulations drive to tensions which can only be stabilized if a joint regulation is established, based on mutual benefits recognized by both parts. An example is here the public display of knowledge, i.e. in the form of books, tribunes like McKinsey Quarterly, etc. These allow, on the one hand, consultants to demonstrate their expertise and knowledge publically, to clients, prospects, colleagues, etc. On the other hand, tribunes or books are the organization an interesting means to capitalize knowledge and to exhibit the firm's cumulated expertise externally. Joint regulation is here achieved by the shared interest of publishing knowledge publically, as a tribune for individual and organizational expertise.

3.2.2. Reputational capital

Whereas intellectual capital has been widely recognized as a key asset of both, consultancies and consultants, this is fairly less the case for reputational assets which are however crucial for both parties.
On the organization's side, firm reputation and brand image are indeed strong strategic assets of every consultancy. Especially when product and service portfolios are similar, brand image can play a highly discriminating role to differentiate from competitors. A strong brand attracts more easily new clients. Firm reputation within a network of business relations has further been identified as a key factor of competitiveness for consulting firms (Glückler & Armbrüster, 2003). As the authors found, price and quality are not the primary motivators for clients to select a given consultancy. Rather, the most important criterion appears to be the firm's public reputation, on the market and, more importantly, within the client's business network. The authors argument is here that clients rely on recommendations of third parties they trust to select a consultancy rather than on sheer market reputation, since this appears the only means through which they can evaluate the quality of services to be expected.. Working

in a firm with a strong brand reputation accordingly facilitates consultants' prospection for new client accounts and provides them with a certain status on the market place and is thus an important organizational asset for consultants to exploit. Brand image is source for legitimacy for consultants (Stempel, legimitacy provided through firm image).

In turn, a second key selection criterion for clients is closely linked to the individual consultant's reputation. Trust between consultants and clients and the quality of their relationship developed throughout past experiences strongly influence clients' decision to contract a consultant for future assignments (Glückler & Armbrüster, 2003). This finding puts the emphasis on the prevailing role of consultants' reputational capital for the firm. First, it is them who represent the company on the market and maintain the client relationship. The more they manage to satisfy clients by providing quality services and to build trust relations, the more the client is likely to contract the firm again for future assignments. Consultants' reputational capital is further formed by their personal curriculum, their education and prior experience. Reputation of individual consultants and their specific industry-related experience have been identified by other scholars as the most important choice criteria for clients to contract a consultancy (Dawes, Dowling & Patterson, 1992).

The tension arises here from the organization's need to create a homogeneous brand image on the market while this brand image is *in fine* mediated by individual consultants. By nurturing a personal relationship to their clients, they have direct control on the brand image that is actually conveyed on the market. By the same token, the consultant seeks to maintain a certain personal touch, individuality, that allows him for binding the client to him personally and to be more efficient / creative.

In the case of reputational capital, control regulative mechanisms encompass firms' actions to ensure behavioral conformism of consultants that is in line with the firm's brand image. As consultants are the ones who are in direct relation with clients, they not only represent the firm on the market but are also prime transmitters of the corporate image on the market. Controlling their behavior and ensuring that it vehicles the brand image properly is thus of primary importance. This is mainly attempted through the development of a strong firm culture and the standardization of work processes and outcomes. No beard policy, standardization of the form of reports, presentations, etc. The mentoring system is here a soft form of socializing and acculturating consultants.

On the other hand, as stressed earlier, consultants seek to keep a certain control on their client-relationships, as these are major assets their career relies on. It is thus important to maintain a certain individualism which control regulation attempts to restrain. Consultants try to counterbalance this 'cloning' through autonomous regulative mechanisms. Scholars highlighted in this regard consultants' tendency to make collectively fun of cultural norms imposed to them. Shared irony and cynicism expressed for instances in the form of sketches (McKinley) are used by individuals to counterbalance managerial pressures to conformity and maintain individualism. In that sense, autonomous regulation can be said to increase efficiency since it acts like an outlet to release pressure and lessen resistance.

Potential tensions are here inherent to the situation where management tries to control consultants' behavior and prohibit any form of resistance while consultants seek to maintain a certain level of individualism and personal appropriation of the client-relationship. In other words, the organization tries to create clones whereas consultants do not want to be vanilla consultants but need to affirm their own personal strengths and creativity to be recognized by their clients as individual expert and partner.

Examples of joint regulative mechanisms to decrease these tensions are for instance the emergence of casual Fridays. Once a week, management lifts the constraints of conformity and authorizes consultants to dress casually and in a more individual, personal way.

3.2.3. Relational capital

A last form of capital strategic to the organization and to individuals is relational or social capital, i.e. the capital derived from relationships. The firms' social capital resides in its relations with the environment, its institutional relations. These relationships are a key source of performance for the firm, as they convey business opportunities and the firm's reputation (Glückler & Armbrüster, 2003). Also, institutional relations with business schools, employee associations etc. to ensure recruiting of high potentials etc. For the consultant, these institutional relations of the consultancy are important because they a) generate new business and b) knowledge (social events, etc.) and c) new recruits (high quality colleagues).

The individuals' social capital lies primary in the consultants' client portfolio. As already stated, scholarly work highlighted the importance of the quality of the consultant-client relationship for future assignments. Trust between both parties and positive experience during past assignments are main criteria upon which clients decide to hire a consultant, and hence a consultancy, in the future (Dawes, Dowling & Patterson, 1992; Glückler & Armbrüster, 2003). Maintaining control and a certain exclusivity over the client-relationship is of primary importance for the consultant. But also for the consultancy; to limit the risk that consultant leaves with client, risk of spin-offs.

Tensions derive here from the organization's need for letting on the one hand the consultant build a personal relationship with its clients, while having to secure it as a firm asset on the other.

Control regulation is here mainly exerted in the form of legal contracts and noncompetition clauses. Also, staffing rules are put in place to ensure client-sharing / cross-selling and reduce exclusivity in the client-relationships.

However, staffing policies alone might not ensure client-sharing. As the client-relationship is for consultants a highly strategic asset, sharing this asset just because they are told to do so appears being not at all evident in light of potential risks attached to such a practice. Sharing clients with co-workers during a given assignment stresses notably the risk that these co-workers enter in a direct relation with the client, allowing him to continue this relation afterwards without associating their colleague who initially acted as contracting consultant. Especially when no formal rules are put in place to sanction consultants who misappropriate themselves clients from co-workers, social norms and sanctions, such as the exclusion from future client-sharing opportunities in case of defection, seem to be indispensable mechanisms to make client-sharing among co-workers effectively possible. These social rules and processes norms, informal collaboration networks and staffing markets that allow for sharing resources for which competition is actually very high need to be studied a lot further.

Joint regulation requires compromise between the fact that the firm gives consultants' access to its institutional capital and that consultants renounce to having exclusive client-relationship but share clients with co-workers. The partnership model is here a sound example of joint regulation. By promoting consultants to be partners, the organization ensures that the latter share and give access to their client portfolio. By the same token, consultants becoming partners gain access to the institutional network in which the firm is embedded.

4. DISCUSSION AND CONCLUSION

In this paper, we propose a conceptual framework based on regulation theory (Reynaud, 1988) to address the functioning of knowledge-intensive firms, and in particular the way tensions between individuals and the organization are regulated in one prominent type of KIF: management consultancy.

Tensions between individuals and the organization, and the ways to reduce them, have been studied by various literatures, most of which have tended to fall into what we call a "utilitarian" or a "social control" perspective. Both literatures emphasize managerial control processes to explain how KIFs survive, without stressing the role of individuals, of knowledge workers. As the latter detain the most valuable resource of a KIF, i.e. knowledge, it appears naïve to think that there would be no attempt so ever from their part to also influence the way the organization works. In this paper, we discussed the organizational and individual levels as interdependent settings, where each has the influence on the other.

We proposed an integrative framework based on social regulation theory (Reynaud, 1988) which fundamentally builds on such a two-sided, interdependent approach of organizations and helps theorize the processes that make KIFs work by containing the potential "tug-of-war" between organizations and their employees. We distinguish three sources of capital for the organization and individuals – intellectual capital, reputational capital and relational capital- and discussed for each type both parties' assets, sources for tensions and conflict, and regulative mechanisms induced from the top (control regulation) and the bottom (autonomous regulation). We then proposed examples of joint regulative mechanisms that allow for limiting these tensions. Table 2 provides with a summary.

Table 2: Forms of capital, tensions and social regulative mechanisms in KIFs

Type of capital	**Organizational asset**	**Individual asset**	**Tensions sources / Cooperation challenge**	**Control regulation**	**Autonomous regulation**	**Examples for joint regulation**
Intellectual capital	Products/ Services	Expertise, knowledge and skills	Expertise empowerment vs. need for internal knowledge sharing	Knowledge management policies	Social interactions, social norms on knowledge-sharing	Public display of knowledge (i.e. McKinsey Quarterly, books, etc.)
Reputational capital	Brand image	Personal reputation	Individual branding of consultants vs. need to create homogeneous corporate brand image and collective standards	Corporate culture; Employee brand identification	Irony, cynicism	Casual Friday
Social capital	Institutional relations	Client relationship	Partitioning of individual relations vs. need for collaboration	Legal contract	Social interactions, social norms on client sharing	Partnership model

5. BIBLIOGRAPHY

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