

**VITAL ORGANISING:
Capitalism's Ontological Turn and the Role of
Management Consulting**

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Abstract

This thesis sets out to develop an approach to capitalism that locates its contemporary practice at the level of ontology. It evolves around the argument that contemporary capitalism is itself becoming ontological, that capital has in some sense moved into being. In order to argue thus, the analysis adopts a perspective of process-ontology that is influenced to a great extent by the recent resurgence of vitalism in disciplines such as sociology and cultural studies. Such a vitalist approach can be productively linked to an influential strain of Marxist theory that approaches contemporary capitalism in terms of real subsumption, understood as capital's full penetration of and its becoming operative within the process by which social life (re)creates itself.

This thesis develops the notion of *vital organising* as a concrete strategy enabling capital's displacement into the process of social life. Vital organising conceptualises the widely observed transformations in the field of economic organisation, a) in terms of their ontological significance, and b) in such a way that they can be located within a theory of contemporary capitalism. Moreover, this thesis embeds its abstract conceptual considerations within an empirical exploration of capital's ontological turn in the field of economic organisation. In concrete terms, empirical research into the theory and practice of management consulting identifies trajectories of vital organising in the contemporary practice of economic organisation.

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1. Introduction

This thesis sets out to develop an approach to capitalism that locates its contemporary practice at the level of ontology. It evolves around the central argument that contemporary capitalism is itself becoming ontological, that capital has in some sense moved into being. In order to argue thus, the analysis adopts a perspective of process-ontology that is inspired to a great extent by the recent resurgence of vitalism in disciplines such as sociology and cultural studies.¹ Vitalist ontology substitutes the notion of a ceaselessly creative process of life for the Kantian metaphysical dualism of phenomenon-noumenon. Hence, it departs from the classical modern position according to which our access to being is limited to the appearance of things which, in the final analysis, is constructed by the mind's concepts of understanding. By contrast, the process-perspective assumed in this analysis, entails not only the assumption that the epistemological limitation can be overcome but, more importantly, that this has already been accomplished in a practical sense by contemporary capitalist production.

Such a vitalist approach to contemporary capitalism is influenced by autonomist Marxist theory that understands capitalism as a social system parasitically thriving on the ontological process of living labour. In the social sciences and humanities, this theoretical current has gained influence as a result of the spectacular success of *Empire* (Hardt and Negri, 2000). This book develops a notion of contemporary capitalism based on a particular reading of the notion of real subsumption: rather than capital becoming entirely self-reflexive as Marx had predicted for the "specifically capitalist mode of production" (Marx, 1976: 1023), real subsumption presents itself today as capital's full penetration of and its becoming operative within the process by which social life (re)creates itself. The notion of ontology applied in the thesis of capitalism's ontological turn is thus one that refers to capital's displacement into *social being*, understood as the process by which the new and different is ceaselessly created.

¹ Cf. *Theory, Culture & Society* special issues on neo-vitalism 22(1) and 24(4).

However, what distinguishes the present study from the kind of analysis that *Empire* provides is that it embeds its abstract conceptual considerations within an inquiry into the concrete empirical reality of economic organisation. For this purpose it develops the notion of *vital organising* in order to conceptualise the widely observed transformations in economic organisation, a) in terms of their ontological significance and b) in such a way that they can be located within a theory of contemporary capitalism. It is on the basis of the notion of vital organising – understood as a concrete strategy enabling capital’s displacement into the process of social life – that the analysis engages in an empirical examination of the hypothesised ontological turn. In concrete terms, empirical research into the theory and practice of management consulting is used to identify practical trajectories of vital organising.

This introduction presents the analysis’ central concepts, outlines its empirical dimension, and eventually provides an overview over the respective chapters.

1.1. Vital organising

The notion of *vital organising* represents an attempt to delineate an emerging trend in economic organisation that departs from the practice of *mechanistic organising*² which has been dominant throughout the era of modern capitalism, from the age of Adam Smith’s pin factory to the period of the Fordist conveyor belt. Setting up the contrast between vital organising and mechanistic organising invokes vitalism’s classical critique of the ontology of mechanism. According to the mechanist doctrine, material nature amounts to nothing but inert mass, animated by the laws of Newtonian mechanics (Prigogine and Stengers, 1984: 82-86). In mechanistic ontology, causation is external, i.e., the movement or configuration of beings is determined from the outside. This implies the existence of a transcendent entity or dimension that embeds these beings, determining the path of their development. Vitalism in contradistinction posits a vital principle inherent to material nature, something that today one might refer to in

² Although the present analysis is aware of Burns and Stalker’s (1961) contribution to organisation studies, the distinction between mechanistic organising and vital organising does not mirror their distinction between mechanistic and organic organisations – notwithstanding certain similarities.

terms of self-organisation (Lash, 2006). In vitalism, there is no external determination. Rather, being is understood in terms of self-causation. Instead of assuming a transcendental dimension that determines inert beings, vitalism posits being in terms of a multiplicity whose process is entirely immanent.

Mapping this contrast onto the issue at hand, one could formulate that the central achievement of mechanistic organising consists in the imposition of predetermined form on the productive potential of social being which is then retroactively defined by the mechanical combination of the imposed forms. In mechanistic organising, the forces of production/creation can only enter the capitalist production process once they have been channelled through a transcendently imposed structure transforming them into a set of functions that are derived from the act of imposition. In other words, mechanistic organising is predicated on a logic of external causation.

The present analysis specifies mechanistic organising as an operation by which a primordially creative social process is forced into *Euclidean form* reducing it to the mechanistic arrangement that was characteristic to modern capitalism. Although one might argue that production was already fuelled by the creative energies of the social, the latter entered the production process as determined by preconceived metric essences. This led to a limitation of movements whose application left the essential metric forms unaltered. In Euclidean geometry, these movements are called *rigid transformations* - rotations, translations, and reflections - effectively degrading the real creative process to an abstract mathematical mechanism made up of eternally constant essences and regulated by a fixed number of axioms (cf. Delanda, 2002). By imposing functional, hierarchic - i.e., as one could say, metric - structures on the creative social process, mechanistic organising reduces a highly complex, creative process to the mechanistic interplay of predetermined forms. Mechanistic organising cannot and does not want to approach these processes in their own right but only in terms of the metric, *formal* reality it imposes on them.

Michel Foucault's (1979) work on "discipline" provides an instructive reference for an understanding of the operations of Euclidean form in the context of mechanistic organising. Foucault characterised the modern practice of organisa-

tion in terms of a *confinement* that mechanistically *moulded* the creative forces in such a way that their agency became a function of the factory-confinement's mechanistic patterns of production. Predetermined, metrically defined moulds captured and disciplined social creativity into a rigid structure that inhabited all movement other than the mechanistic interplay of its own imposed forms.

Vital organising, by contrast, breaks open the rigidity of mechanistic organising in order to 'liberate' the creative force whose emergence had previously been prevented by the moulds of the confinement. Simultaneously, it entails practical attempts to find organisational arrangements that can channel the unused potential in order to efficiently exploit it. Accordingly, the arrangements of vital organising tend to be topological rather than Euclidean, i.e., operating on the basis of a geometry that is less metric, allowing for much more complex movements. Topological geometry does not insist on the existence of metric essence which allows it to capture the real physical process in more depth and complexity. Consequently, the topological arrangements of vital organising enable a more intensive unfolding of the creative social potential within the structure of the organisation. Gilles Deleuze (1995) conceptualised such a change in organisational strategy in terms of a shift from moulding to modulation: what was previously arrested in the moulds of the confinement is now allowed to flow within the channels of more topological or process-like arrangements. Instead of pre-emptively imposing a metric pattern of moulds on the creative forces, vital organising prefers modes of control that are able to flexibly modulate the creative process *per se*.

It appears apposite at this point to consider directly the nature of the creative potential that vital organising sets out to unleash and exploit. In order to do so the present analysis introduces the notion of *lived social practice* as a source of contemporary production that might be seen as different from collective labour in so far as it defies the transcendental determination that was inherent to the concept of labour (Negri, 1991a). Although the notion of lived social practice is not developed here as an explicit critique of the concept of labour, it is used in order to emphasise a dimension of production that seems to be specific to the

organisation of contemporary capitalism.³ Lived social practice denotes the creative process that emerges out of the convergence of living human agency onto a *social superject*, i.e., a multiplicity of creative virtualities that are actualised and discharged by the mutual encounter. The notion of superject was developed by Alfred North Whitehead (1985) in order to mark the multiplicity that the concept of subjectivity attempts to erase. The notion of social superject as it is used by the present analysis extrapolates Whitehead's concept onto the level of the social as a manner of emphasising the non-subjective, process-like character of lived social practice. One can refer in this context to the Italian philosopher Paolo Virno who emphasises the *poietic* potential that is inherent to *being in the presence of others*, i.e., "the relationship with the presence of others, the beginning of new processes, and the constitutive familiarity with contingency, the unforeseen and the possible" (Virno, 2004: 51). In the notion of lived social practice, the present analysis foregrounds the creative process of the social superject in terms of such a poietic potential. Simultaneously, the notion of vital organising sets out to conceptualise the growing awareness of this poietic potential within the theory and practice of economic organisation: it refers to attempts to appropriate lived social practice by redesigning organisational structure in such a way that the process of the social superject can emerge and be accommodated. This requires a becoming process-like of organisational structure itself. Thus, the preventive intervention into the social that marked the achievement of mechanistic organising has to give way to an organisational process that co-evolves with the poietic process of lived social practice itself. In order to deepen the analysis with respect to vital organising, lived social practice, and the relationship between the two, the investigation turns to the philosophy of vitalism. To be precise, it turns to an emerging current of vitalist thought that revolves around the question of "what is distinctive about *process as a mode of being*" (Fraser et al., 2005: 1, emphasis added). This new or neo-

³ Autonomist thought, a theoretical current to which the present work has already acknowledged its debts, relies on the concept of "living labour" as the productive, autonomous engine of capitalism, whose character depends on the changing composition of the proletariat. In the present context, however, it seemed apposite to omit references to the concept of labour in order to emphasise the immanent character of lived social practice.

vitalism understands process in terms of life, i.e., as vital process. It offers an ontology of vital process that is instructive in the present context for three reasons:

1. It approaches being not in terms of static, essential forms but in terms of *morphogenesis*, i.e., as a vital process (*genesis*) out of which new forms (*morphè*) of life ceaselessly emerge. Hence, it offers a theoretical context within which the shift from organisational form to process that is at the heart of the notion of vital organising can be productively explored.

2. It understands life in terms of an ontological *process* that is both *immanent* and consisting of a *multiplicity* of relations. In doing so, it addresses the defining dimensions of the process of lived social practice. As has been argued above, the social superject can only release its poietic potential if it is able to emerge *immanently*, i.e., without being blocked by transcendently imposed Euclidean form. Simultaneously, that which emerges is not simply a collection of subjectivities but an “intersubjective pulsion” (Lash, 2005), a *multiplicity* of virtually productive relations whose actual forms emerge in the process. Thus, neo-vitalism allows for a definition of lived social practice in terms of an *immanent process of a virtual (i.e., relational) multiplicity*.

3. Finally, neo-vitalism endows the investigation with a rich conceptuality with regard to the relation between vital organising and lived social practice. It enables the analysis to articulate an emerging mode of organisation that substitutes the permanent control of the immanent process of the virtual multiplicity – expressed in the emergence of lived social practice – for its preventive mechanistic reduction. Vital organising can be understood in terms of gaining access to the virtual powers of living *poiesis*. Here one encounters a crucial difference to mechanistic organising which was predicated on the mechanistic arrangement of *actual* functions and positions within metrically defined structures. Vital organising’s access to the virtual, by contrast, is achieved through an operation that this analysis conceptualises – with reference to Georg Simmel’s vitalist

sociology – as *overflexion*: the flattening of organisational form onto the process of lived social practice in such a way that the immanent potential of the social multiplicity can be effectively appropriated.

The first contribution of this thesis is to take the theoretical current of neo-vitalism into a sociological analysis of the field of economic organisation.

1.2. Morphopoietic Capitalism

In order to situate vital organising within the general context of the development of capitalism, the analysis turns to the work of the Italian philosopher Antonio Negri. Negri approaches contemporary capitalism in terms of real subsumption. Real subsumption is a reference to Karl Marx who distinguishes it from formal subsumption. The latter denotes capital's tendency to increasingly bring all social relations under its command, i.e., under the rule of exchange value. Formal subsumption is best understood as a movement of extensive integration, of capital trying to subsume under its rule everything that is located outside of it. Real subsumption, by contrast, signals the completion of this process of extensive integration due to the fact that 'there is no outside anymore'. The process of extensive, formal subsumption shifts to intensive, real subsumption. In Negri's use of Marx's concept, real subsumption's intensity is explicitly linked to the question of time. Real subsumption, Negri argues, must be understood in terms of a temporalisation of the organisation of capital itself. It is thus here that one finds the link to the notion of vital organisation: what else could a temporalisation of capital's organisation mean than the loss of *spatial form* and an increasing tendency toward a more temporal mode of *process organisation*.

In spite of its emphasis on temporality and process, Negri's theory of capitalism can not be defined as morphogenetic or even vitalist. What is preventive in this respect is Negri's Spinozism that grounds his process-ontology within politics, or, to be more precise, in the non-identitarian historical subjectivity that he calls the *multitude*. The multitude is a multiplicity of singularities that might be understood in terms of a social superject with the political will to actualise its poietic potential in an absolute democracy. Consequently, the multitude does not

define an actual subjectivity but a process that ceaselessly strives toward the horizon of its actualisation. It is such a notion of socio-ontological dynamis that allows Negri to advance his autonomist Marxist argument⁴ according to which the multitude has always driven the development of capitalism. Capital's achievement has so far been to have always found a strategy to defuse the multitude's striving for actualisation in order to recuperate the generated energy into its cycles of valorisation. Real subsumption marks capital's most recent manoeuvre, accomplishing its own displacement onto the dimension of *social temporality*. It is this displacement of real subsumption that the notion of *morphopoietic capitalism* tries to capture conceptually: capital now operates within the socio-ontological process that Negri refers to as the multitude and whose recent articulation in the field of economic organisation this analysis denotes as lived social practice. It is important to note, however, that the creative process or temporality which is now host to the parasitic structures of contemporary capital is not one that simply *emerges* (*genesis*) but rather one that is *produced* (*poiesis*) by the multitude. Hence the reference to *morphopoietic* capitalism, signalling the arrival of a mode of production in which capital openly operates within the dimension of socio-ontological temporality – which the above mentioned Virno refers to as the poietic potential of being in the presence of others.

The development of a connection between an autonomist theory of capitalism and the field of economic organisation marks a second contribution of this thesis.

By situating vital organising within a theory of morphopoietic capitalism, the present analysis identifies a practical method through which the displacement of real subsumption can be successfully performed. Vital organising enables capitalism's ontological turn by departing from mechanistic organising to the extent that the social temporality of the multitude increasingly becomes a crucial resource of contemporary production. The notion of lived social practice marks the emergence of the multitude within the displaced limits of capitalism,

⁴ The theoretical tradition of autonomist Marxism is of course not reducible to the work of Antonio Negri. For an introduction cf. Wright (2002).

induced by the practice of vital organising. It is the coming to the fore of lived social practice that articulates capital's progressive grip on the poietic potential of social temporality. It is the perhaps central contribution of the present study to have identified the flattening of organisational form onto the process of lived social practice as an important facilitator of real subsumption, i.e., as a strategy that allows capital to displace its operations into the dimension of social time.

1.3. Empirical Practice of Vital Organising

Having outlined the notion of vital organising and situated it within a theory of morphopoietic capitalism, the analysis shifts toward an empirical examination of the developed conceptual apparatus. Although it is of course impossible to deliver the final empirical *validation* of vital organising, the present analysis works toward the identification of practical trajectories that lend empirical support to the notion. Such an endeavour requires a methodological perspective that can produce qualitative empirical data that apply rather generally across the field of contemporary economic organisation. In order to develop a method that corresponds to such a requirement, the analysis takes up Nigel Thrift's (2005a) notion of a "cultural circuit" as an important dimension and distinguishing characteristic of contemporary capitalism. In Thrift's approach, the cultural circuit is made up of institutions like management consultancies, business schools, and management gurus that effectively provide capitalism with a continuous feed-back loop of organisational self-critique. Thus, capitalism's cultural circuit represents a dimension of permanent reflection regarding the practice of economic organisation. With respect to the present analysis, Thrift's cultural circuit offers a methodological perspective allowing for an inquiry into the empirical practice of vital organising that is simultaneously broad and qualitative. However, whereas Thrift's understanding of such a self-critical dimension of capitalist organisation is framed in terms of discourse, the present analysis would like to understand it in terms of a *dispositif*, thus including both, *discourse and practice of critique* in its approach to organisational reflexivity. Such a reinterpretation of the notion of cultural circuit is necessitated by an extraordinary rise of management consulting to a powerful institution of organisational cri-

tique that goes far beyond the dimension of discourse. Over the past few decades, management consulting has developed into an enormous industry whose task is the practical (re-)organisation of economic structures and relations. In order to pay heed to such a development and in order to align Thrift's insight with the theoretical underpinnings of the present analysis, the empirical exploration of vital organising proceeds from the perspective of a *management advice dispositif*.

This is the third contribution of this thesis: to engage in an empirical analysis of vital organising, i.e., to bridge the conceptual distance between an ontology of organisation and its empirical practice.

In concrete methodological terms, this means that the empirical research concentrates on analysing the work of management consultants in so far as it might reveal tendencies toward vital organising. This part of the analysis is based on loosely structured interviews with management consultants. Simultaneously, the academic and para-academic literature surrounding the practice of management consulting is examined as the discursive or conceptual dimension of the *dispositif*. Launched from such a methodological perspective, the empirical research produces the following results:

1. A departure from purely mechanistic organising seems indeed to be an identifiable empirical trend. The management-consulting *dispositif* articulates such a trend in terms of the enormous success of *Business Process Reengineering* (BPR), i.e., a strategy that systematically mobilises state-of-the-art information technology in an attempt to overcome the fragmentation of work-processes caused by the functional differentiation. Having emerged in the late 1980s, BPR was canonised by management gurus Michael Hammer and James Champy (1993). The problem that BPR draws attention to is that the Euclidean structures of mechanistic organising decompose the *process of 'real work'* (ibid.: 33) that subsequently has to be artificially reconstructed involving a tremendous amount of managerial resources. According to the proponents of BPR, such a practice is

inefficient and hampers the flow of creativity. BPR, by contrast, offers a method to reengineer an organisation in such a way that the previously obstructive structure becomes a facilitating structure. BPR was implemented by a great number of companies (cf. Willcocks, 2002), a fact that the research conducted for this thesis confirmed. However, the data that this research generates is less concerned with BPR *per se* than with its implications. This is due to the fact that those interviewees who explicitly thematised BPR referred to it as a matter of course, as something that had happened in the past and is now an organisational given to be reckoned with. For the respective consultants, BPR's process-orientation is a market reality they have to adjust their products to. A discussion of such adjustments as well as of a particular case of BPR-implementation will enable the analysis to relate the impact of BPR to the question of vital organising.

2. Another empirical articulation of vital organising can be observed with regard to a trend that the present analysis addresses in terms of *administrative disintegration*: the tendency to externalise parts of the organisational edifice, in particular those parts that entail the more repetitive tasks of administrative routine. These activities that once sustained the functional structure of the mechanistic organisation are increasingly isolated from the business process proper in order to be outsourced and transformed into *business support services*. The latter provide the necessary administrative capacity from outside the company thus relieving the organisation from functional repetition. Administrative disintegration began in the late 1980s with *information technology outsourcing* (ITO), targeting the informatised organisational infrastructure of companies that increasingly became too complex for organisations to be run by themselves. However, whilst ITO involved outsourcing the informatised 'pipes' on which organisation was running by then, a more mature mode of administrative disintegration began to emerge in the early 1990s that includes actual organisational processes in the outsourcing strategy. This type of outsourcing is referred to as *business process outsourcing* (BPO). BPO entails the externalisation of organisational practice itself in so far as it concerns the more repetitive tasks in administrative fields

such as Human Resource management (HR), Finance, Accounting, etc. These two modes of horizontal disintegration – ITO and BPO – provide instructive illustrations of vital organising for at least two reasons: on the one hand, they remove Euclidean formality from the practice of organisation in such a way that a company can focus on its *core competence*. On the other hand, the externalisation of crucial administrative activities requires the implementation of an intense relational field between the organisation and the outsourced business support services. A mobilisation of lived social practice is required in order to guarantee that the organisational capacity that was previously generated internally can now emerge from the interface with an external provider.

3. The perhaps most explicit instantiation of vital organising is to be found in the growing tendency toward *project organisation*. The latter literally shifts organisational form from space to time: project organisation is temporary organisation. What renders the project organisation tremendously instructive with regard to the present analysis is that this shift from space to time immediately involves the poietic process of lived social practice. Project organisation entails an explicit alternative to mechanistic organising in so far as it seems to provide a temporal, topological envelope within which the social superject can converge in order to unfold its poietic potential. Whereas BPR concerns the ‘business process’ in a rather general sense and horizontal disintegration targets administrative repetition, project organisation pertains to the immediate processes of production/creation. What project organisation achieves is to shift organisational structure from Euclidean spatiality to the social temporality of lived social practice itself. Instead of mechanistic fragmentation, project organisation allows a particular social multiplicity to emerge in order to converge on a social ‘project-superject’. Project organisation thus unleashes the vital temporality of lived social practice but only within the well defined parameters of morphopoietic production: project time is the poietic process of lived social practice mobilised for the purpose of capitalist appropriation.

1.4. The Chapters

This thesis is structured as follows: **chapter 2.** opens the discussion with a review of the growing body of work in the interdisciplinary field of organisation studies that is occupied with the analysis of transformations in the practice of contemporary organisation. The approaches advanced in this field oftentimes describe the organisational transformations with all the precision that their disciplinary background – be it economics, economic geography, economic sociology, or business studies – can muster. However, what the present analysis finds is that their disciplinary orientation toward economics hampers their ability to fully account for the described transformations. As a consequence of these limitations, the notion of *lived social practice* emerges as an intuitive conceptual horizon whose contours shape as the review progresses. What lived social practice accomplishes is a bundling of a variety of instructive conceptual leads that the different approaches entail. Hence, the notion of lived social practice provides the analysis with a conceptual bridge through which important contributions of organisational theory can be taken up and deepened. Such a deepening is the aim of **chapter 3.** which turns to the theoretical current of neo-vitalism in order to explore the possibility of placing the analysis of economic organisation within the dimension of ontology. Taking its lead from Gilles Deleuze's (1995) discussion of the "control society", the analysis mobilises neo-vitalist thought in an attempt to develop a concept of *vital process* that can be used to both clarify the notion of lived social practice as well as its appropriation within a practice of *vital organising*. Eventually, the chapter turns to the vitalist sociology that characterised Georg Simmel's later work. What is instructive about Simmel's *Lebenssoziologie* is that it conceptualises life in terms of a perpetually displacing limit [*Grenze*] between an excessively creative *vital process* and the determinations of *trans-vital forms*. The latter are understood by Simmel as immanent products of the vital process, emerging through what he refers to as inward flexion [*Achsendrehung*] of the vital process itself. Inward flexion means that although the emergent forms are immanent to the process, their objectification does entail their relative emancipation from process. Form can become dominant vis-à-vis the vital process out of which it emerged. On the basis of such an

understanding of life in terms of a perpetual conflict between process and form, the analysis develops its notion of vital organising as a shift from inward flexion to *overflexion*: instead of turning against the process of social life – as did mechanistic organising – vital organising flexes further until its form can be folded onto the vital process, thus becoming co-evolutionary with it. **Chapter 4.** sets out to situate the notion of lived social practice within a theory of contemporary capitalism. However, before it can successfully do so, the chapter addresses the work of Antonio Negri in order to develop an understanding of real subsumption as capital's displacement into the creative temporality of social process. Out of the discussion of Negri's work emerges the notion of *morphopoeitic* as that which defines contemporary capitalist production. After an intermezzo that focuses on the philosophical notion of *poiesis* so as to define morphopoiesis in contrast to morphogenesis, the analysis turns to Negri's most recent statement on capitalism's temporality. It is in this context that vital organising can be identified as an important method enabling capitalism ontological shift by allowing the multitude to creatively express its desire for self-actualisation while simultaneously domesticating it within the limits of capitalist production. **Chapter 5.** marks the passage onto the empirical part of the thesis. It develops a methodology that is predicated on the assumption that the trajectory of contemporary economic organisation is increasingly determined by what will be called the *management-consulting dispositif*, i.e., a dimension of permanent organisational reflection consisting of the practice of management consulting as well as the theoretical discourses surrounding it. Adopting the perspective of the management-consulting dispositif methodologically in interviews with consultants as well as in an analysis of the relevant literature enables the present study to illustrate the notion of vital organising with regard to the empirical practice of economic organisation. Chapters 6. to 8. present the results of such an empirical exploration. **Chapter 6.** discusses *Business Process Reengineering* (BPR), i.e., a consulting product that experienced a spectacular success particularly throughout the 1990s. BPR represented an important method of reorganisation that utilised the growing capacity of information technology (IT) for the purpose of introducing a process-orientation into the

mechanistic structure of the functionally differentiated organisation. After a brief delineation of the method of BPR and the provision of relevant data, the chapter goes on to consider how the increasing process-orientation is reflected by potential product-adjustments within the consulting industry. The two examples that the research identified concern an adjusted 'job-evaluation-tool' and the proposition of 'organisational branding'. Both cases are discussed as examples of BPR's impact on the practice of mechanistic organising. The analysis then turns to case study of Whirlpool, a multinational household appliances corporation that used its reengineering program in order to implement a technology that enables them to systematically capture the creative capacity of its entire social resource. The chapter concludes to the effect that as a result of BPR, economic organisation has begun to show traces of a more vital practice. **Chapter 7.** attempts to advance further on a potential empirical trajectory of vital organising. To begin with, it considers vertical disintegration, i.e., the modularisation and externalisation of an organisation's supply chain. Vertical disintegration is presented here as a mode of outsourcing that prepared organisations and managers for the shift to the much more recent tendency of *administrative disintegration*, i.e., the outsourcing of organisational processes that concern the more repetitive tasks of administrative routine. These processes - e.g., Human Resources Management, provision and maintenance of IT-systems, Accounting, Finance - once sustained the very structure of an organisation. Administrative disintegration increasingly externalises these activities which are essentially mechanistic procedures in order to pave the way for more vital strategies. The notion of core competence is identified as providing the conceptual background for the practice of administrative disintegration whose two modes - *information technology outsourcing* (ITO) and *business process outsourcing* (BPO) - are discussed at length. The chapter ends with a coda on offshore outsourcing subsuming this frequent issue of popular discussion under the logic of present argument. **Chapter 8.** then turns to project organisation as an explicit case of vital organising. Project organisation is discussed as a concrete empirical manifestation of overflexion as it shifts the organisation of the immediate production process from space to time. Project organisation is temporary organisation and

as such explicitly draws the connection between vital organising and morpho-poietic capitalism which – as has been argued above– is predicated on the displacement of capital into the dimension of social time. The chapter provides a brief outline of the historical genesis of project organisation and explores the organisational environment of project organisation, i.e., tendencies and trajectories within economic organisation that drive or support the emergence of projects. Subsequently, the focus shifts to an analysis of the specificities of the project organisation in so far as it represents a distinctive technology for the mobilisation and appropriation of the poietic potential of lived social practice. **Chapter 9.** concludes the analysis.

2. Literature Review:

Economic Organisation and the Question of Lived Social Practice

2.1. Introduction

As highlighted in the introduction, this thesis confronts the question of how the *organisation* of capitalist production has been changing over the last decades. The focus on organisation offers the advantage of placing the analysis in the midst of the processes of transformation thus preventing it from losing itself in the ever-expanding web of meta-level meditations on the nature of a 'new capitalism'. In other words, the focus on organisation ensures that the analysis stays 'close to the ground'. It is this ground that the present chapter sets out to survey. By reviewing the work of some of the foremost scholars in the interdisciplinary field of organisation studies, this chapter reveals a tendency in the literature to conceptualise economic organisation as increasingly embedded in and fuelled by what the present analysis will refer to as *lived social practice*.

That such a development does indeed represent a significant change becomes evident if one reminds oneself of the fact that modern economics has conventionally posed the question of organisation in strictly spatial terms: as regulation of movement through more or less empty space. The two dimensions of economic space assumed to exist were markets and firms. The market is conceptualised as an empty, Cartesian space in which equivalents are exchanged (self-regulated by price). A very similar concept of space underlay Roland Coase's (1937) seminal theory of the firm. The British economist and Nobel laureate provided the paradigm for much of 20th century organisational theory by predicating the market-firm dichotomy on the cost of exchange. The reason why firms existed at all, he argued, is that market transaction costs are sometimes too high to allow for optimal resource allocation. In these instances, organisational closure can provide coordination structures that lower the cost of exchange. Coase's concept of the firm thus adhered to a spatial understanding of the economic but 'filled' this space with Euclidean structure (hierarchy) as a means of coordinating the movements of exchange. In the 1970s, Coase's approach was taken up again by US economist Oliver Williamson (1975) who

made it the foundation of transaction costs economics. Transaction cost economics assumed a strong dichotomy between markets and hierarchies determined by the nature of the particular transactions. Transactions, whose outcomes are uncertain, recur repeatedly and require a substantial amount of 'transaction-specific investments' (money, time, energy) tend to take place within the Euclidian edifice of the firm. In contrast, those transactions that amount to straightforward, non-repetitive exchanges that do not require transaction-specific investments are more likely to take place across the empty, Cartesian space of the market. Hence, economic exchange takes place in either markets or hierarchies as a function of what transaction cost economics call "asset specificity": the higher the latter the more likely the transaction's placement within a company. The reasons for that are on the one hand, "bounded rationality" – the inability of economic actors to design contracts that cover all possible contingencies – and "opportunism" – the 'bad habit' of economic actors to follow their self interest by all means at their disposal. Both problems are under control if they are subsumed under a hierarchical governance structure (cf. Powell, 1990). Transaction cost economics remains highly influential until this day, thus perpetuating an understanding of economic space based on the mechanics of exchange, operating through either empty, Cartesian space (market) or Euclidean structures (firms).

The contributions to be discussed in this literature review show that since the 1980s there has been a departure from such abstract, mechanistic concepts of economic space and its organisation. In fact, what the arguments below seem to articulate is a tendency to understand the economic in terms of a process that is inextricably linked with *lived social practice*.⁵

⁵ It might be instructive in this context to refer to a paradox that appeared in the academic debates around globalisation and informatisation in the late 1980s. On the one hand, declarations as to the *end of space* as an economic and social variable became popular. The often rather hastily advanced arguments in these debates entailed for instance the influential thesis of an erasure of all borders due to the growth of global markets (Ohmae, 1990). *The Death of Distance* was declared as a result of the infinite tradability of services (Cairncross, 1997). Global internet communities were supposed to make pre-digital, i.e., spatially determined, communities obsolete (Negroponte, 1995; Tapscott, 1996). On the other hand, however, scholars such as Sassen (1991), Harvey (1989) along with many others argued that globalisation and related processes had led to an increasing significance of spatial questions. Soja (1989) even spoke of a "spatial turn" in

In order to systematically discuss important approaches reflecting such conceptual transformations, this chapter has been structured in accordance with the traditional dichotomy between market and firm. The following section 2.2. discusses approaches that problematise the concept of the firm as Euclidean hierarchy lowering transaction costs. Rather than seeing firms as regulatory mechanisms for economic exchange, these approaches understand organisational closure as a precondition for the emergence of highly productive communities, whose creative potential can be appropriated and valorised. The subsequent section 2.3. then turns to approaches that challenge the Cartesian spatiality of the market. The discussion proceeds from arguments that use geographical concepts as vehicles for the introduction of lived social practice into the realm of pure economic space. Economic transactions, these approaches argue, are always embedded in social networks. Accordingly, they should be organised as an open or even dispersed affair rather than a closed one. Section 2.4. concludes the chapter.

2.2. Beyond Hierarchy:

Organisation of Knowledge or Socialisation of Organisation?

The scholars under discussion in this section argue for a revision of the concept of the firm in order to account for as well as theoretically support current attempts at organisational transformation. In the assessment of the majority of these authors, such a reorganisation has been necessitated by the increasing importance of knowledge for the production process. The foundation of this assumption can be found in the thesis that globalisation and informatisation have led to the emergence of an economy in which the traditional factors of production have become secondary to the factor knowledge. While the original formu-

the social sciences. Maresch and Werber (1999) could thus aptly refer to a "permanence of space" within the seemingly space-erasing discourses.

The simultaneous emergence of these two theses - 'end of space' and 'spatial turn' - indeed represents a paradox. The paradox, however, can be used productively as soon as one realises that the problem is neither the disappearance nor the continuity of space but rather its transformation. What affords the concomitance of the two diametrically opposed theses is precisely the *process of transformation*: whereas an old spatiality withers away, a new, much more powerful spatiality emerges. This is, in much more general terms, what this chapter attempts to articulate.

lation of such a knowledge-economy-thesis came from business guru Peter Drucker (1969; 1993) it has today become highly influential across a wide range of academic debates.⁶ Although the thesis is by no means unproblematic, this section takes it at face value in order to concentrate on the organisational consequences that are argued to follow from it. However, as the section progresses, it will become increasingly clear that the notion of 'knowledge' is by no means an independent factor of production but itself the product the true resource of contemporary capitalism: lived social practice.

2.2.1. Enhanced Transactions

Economists Bruce Kogut and Udo Zander provided one of the seminal contributions to the debate by conceptualising the firm as "social community specializing in the speed and efficiency in the creation and transfer of knowledge" (1996: 503). Such a definition of the firm obviously challenges the Williamsonian (1975) assumptions of organisational closure as a function of transaction costs. One of Williamson's arguments referred to human opportunism as impeding the free movement of commodities on the market. Organisational closure and Euclidean hierarchy were seen as a manner of creating a space of quasi-morality, lowering the costs of transactions following from human opportunism through the imposition of discipline and ownership. Kogut and Zander now argue that although such a quasi-morality does exist, it is not the defining motivation for organisational closure. Against one of the fundamental assumptions of mainstream economics, the authors argue that human motivation cannot be reduced to self-interest but has to at least be complemented by sociality. Therefore, it is not against individual selfishness that organisations are established but in favour of communal identity: the boundaries of the firm establish "the normative territory to which members identify" (1996: 506). Instead of transaction cost, what is stressed here as the decisive reason for the formation of an

⁶ It is impossible in the present context to even begin to discuss this enormous body of literature, much less to develop an appropriate critique of the notion of knowledge. Current debates on the issue range from the field of business and economics related scholarship such as the above quoted Drucker (e.g., Stewart, 2001; Florida, 2002) to neo- and post-Marxist approaches (Azais et al., 2001; Gorz, 2004).

organisational edifice is the cost of communication, coordination, and new combinations of knowledge. It is the potential to create a communal identity within its boundaries that enables a firm to become a repository of capabilities “determined by the social knowledge embedded in enduring individual relationships” (1992: 383). Organisational closure, the argument goes, creates communal identity which in turn creates a significant knowledge surplus.

Kogut and Zander’s argument is predicated on the distinction between declarative and procedural knowledge. Knowledge that is declarative is explicit knowledge, i.e., knowledge that can be formalised. Procedural knowledge in contrast tends to be tacit. The notion of “tacit knowledge” was introduced by the Hungarian-British scientist and philosopher Michael Polanyi (1967). It refers to knowledge that is associated with skill or know-how (whereas declarative knowledge is know-what), emphasising the process dimension of knowledge as it is embedded in practice. Performing yet another break with standard economic wisdom, Kogut and Zander argue that most of the knowledge that is interesting (valorisable) to the organisation is not declarative and explicit, held by individuals, but rather procedural and tacit and therefore property of the social community. Hence their central argument:

“What makes a firm’s boundaries distinctive is that the rules of coordination and the process of learning are situated not only physically in locality, but also mentally in an identity” (1996: 515).

Emerging from within the field of economics, the thesis that organisational closure should be related to the formation of a communal identity is indeed a rather radical one. However, it has to be emphasised that it does not go beyond Durkheimian sociology. The sociality or communality within which procedural knowledge is understood to be embedded is a function of identity as a molar social fact. That is to say that sociality or communality is conceptualised as something that is externally provided or even imposed on a multiplicity of people. Nevertheless, the concept of organisation as economic spatiality has changed: it is now understood as a space in which tacit knowledge is created by and appropriated from a social community.

Kogut and Zander's argument has been taken up by leading management scholars Janine Nahapiet and Sumatra Ghoshal who approach "the knowledge and knowing capability" (1998: 245) of a given organisation in terms of its *intellectual capital*. The crux of their argument is that intellectual capital is intricately entangled with *social capital*. Familiar with the trajectory of the concept from Bourdieu to Putnam, the authors define social capital

"as the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilised through that network" (ibid.: 243).

The notion of social capital is interesting here because it helps to dispense with the transcendental, Durkheimian overtones in the concept of organisation.⁷ Social capital, conducive to the creation of intellectual capital, is indeed understood as generating what the authors refer to as "organisational advantage"⁸ (ibid.: 242). However, rather than understanding sociality in terms of a transcendently imposed identity, in the notion of social capital it moves closer to an immanent process of connections and interrelations to which an organisation needs to *respond*.

In order to discuss the relation between social and intellectual capital in more depth, Nahapiet and Ghoshal adapt a Schumpeterian approach, taking *combination* and *exchange* as generic processes of knowledge generation taking place across three dimensions of social capital:

> The first dimension concerns the *structure* of social capital. Here, the emphasis is on the network structure, i.e., the existence of ties as well as their configuration (e.g., density, connectivity, hierarchy). Structure is of course what is pro-

⁷ One has to acknowledge the Durkheimian roots of the concept, particularly in relation to his classical study of suicide (Durkheim, 1952). However, in its contemporary usage the notion of social capital entails a more immanent understanding of social organisation than the one intended by Durkheim's sociology in general.

⁸ Social capital, the authors stress, is such an important factor in relation to intellectual capital because it increases the efficiency of action (information flow, etc.) as well as allocation [the concept of "allocative efficiency" has been developed by North (1990)] and diminishes transaction costs (by reducing opportunism, necessity for monitoring, etc.).

vided by the organisation. However, there is also a sense of primordial structure, i.e.,

“appropriable social organization [provides] a potential network of access to people and their resources, including information and knowledge, and, through its relational and cognitive dimensions, may ensure motivation and capability for exchange and combination” (ibid.: 253).

> The second dimension addresses the nature of *cognition* which is understood as an inherently collective phenomenon. The authors voice a strong feeling “that, fundamentally, intellectual capital is a social artefact and that knowledge and meaning are always embedded in a social context – both created and sustained through ongoing relationships in such collectives” (ibid.). Accordingly, the linguistic, communicational faculties (shared language and narratives) are the sole cognitive requisites for the creation of new intellectual capital.

> The third and *relational* dimension of social capital entails trust, norms, obligations and expectations as well as the opportunity for identification. This is the individual level of social capital where it is important that the ‘right chemistry’ exists between group members in order to keep the flows of social and thus intellectual capital open.

These are the dimensions that have to be addressed by the firm in order to “create value in ways that markets cannot” (Nahapiet and Ghoshal, 1997: 35). As the authors show, the resource that generates such extra-market value is one that is not transcendently provided by the firm’s organisational closure but rather by a social process to which organisation can be and has to be adjusted. Thus, the authors concur with Kogut and Zander in so far as they challenge the classical transaction-cost perspective but crucially extend the critique beyond the Durkheimian assumption of identity as transcendently imposed. For Nahapiet and Ghoshal, intellectual capital is “deeply embedded in social relations” (ibid.: 38) which implies a much stronger notion of the social as immanent practice. What one begins to see is an understanding of intellectual capital and

hence economic value as something that emerges out of the lived relationality of social practice.

2.2.2. Practicing Communities

The concept of *community of practice* has recently gained popularity among scholars studying organisation (cf. Amin and Cohendet, 2004). In a certain sense, it brings together Kogut and Zander's (1996) identity based approach to the firm with a more immanent understanding of the resource to be mobilised by organisational closure as developed by Nahapiet and Ghoshal (1997; 1998). Introduced by educational theorists Jean Lave and Etienne Wenger (1991), community of practice highlights the fact that learning – i.e., the acquisition of knowledge – tends to be a process of 'becoming member' of a given community. Learning, as Lave and Wenger argue, is a function of one's involvement in a particular group.

The concept of community of practice has been taken up and expanded by business scholars and former Xerox PARC-researchers John Seely Brown and Paul Duguid who turn it into a thoroughly social approach to organisational knowledge. As they demonstrate with reference to studies in workplace ethnography, organisational knowledge – be it conservative or innovative – is inextricably bound up with the active processes of work. Crucial in this context is what the authors refer to as "noncanonical work" (1991: 43 and passim), i.e., labour that emerges outside and at times against the protocol set up by the employer. Such an autonomous social practice is in Brown and Duguid's assessment not only absolutely crucial for the process of production but also the 'place' where organisational knowledge is created and perpetuated (2000; 1998). The authors identify three central features of this kind of autonomous social labour: narration, collaboration, and social construction. *Narration* emphasises the linguistic communicational aspects of labour in which the expertise about the relevant aspects of the production process are embedded. *Collaboration* refers to the inherently social character of the labour process. Finally, *social construction* articulates the interplay of the two, resulting in highly situated and highly improvisational forms of knowledge as well as the construction of

(communal) identities. Taken together, these three aspects articulate the interactive, social practice that produces a temporal community that *knows* how to *work*: a community of practice.

As the authors thus argue, a firm is in fact an archipelago of changing communities that are perpetually recreated by the socio-linguistic constructivism of autonomous labour. In fact, one could argue that this process of socio-linguistic construction should not even be referred to as labour. Labour is the value-producing activity as *defined and demanded by the organisation* whereas the processes Brown and Duguid refer to emerge out of the immanence of the social. They do indeed drive the firm, however, not as labour but as the “vital interstitial communities [that] are constantly being formed and reformed” (1991: 49). It is here that value is created: in the immanence of what the present analysis proposes to approach in terms of *lived social practice*, i.e., as a creative process that folds and unfolds itself in communities of practice.

The fact that communities of practice are immanent, that they emerge out of lived social practice, limits organisations’ capacity to create or even impose them on their members. However, what organisations are capable of doing is to *induce* their emergence. For German sociologist Gerhard Schulze such an inductive strategy necessarily requires the provision of a space where “sense experiences” [*Sinnerlebnisse*] (2000: 56 and *passim*) can occur. Sense experiences occur as feelings of belonging and contribution – not necessarily to an organisational structure but to a community of practice itself. Schulze draws attention here to the necessity of people feeling ‘at home’, of feeling comfortable in the presence of others in order to give rise to social capital and the value it generates. Only if such a feeling of being-at-home occurs, i.e., only if people are able to develop a genuine feeling of belonging and contributing sensibly to a community, only then will sense experiences develop into sense routines. In other words, the feeling of being-at-home is synonymous with the stabilisation of sense experiences into sense routines. Such a stabilisation, Schulze argues, is necessary for the emerging community to become a *learning organisation*, i.e., a semi-autonomous system that reorganises itself perpetually. The crucial contribution of Schulze’s work, however, lies in the insight that such a learning organisation

or community of practice cannot be provided by anything external to it. As Schulze puts it: “[F]orms in which collective learning of sense routines occurs are themselves sense routines that have to be collectively learned as well” (ibid.: 61). In other words, the community of practice or learning organisation has to bring itself autonomously into being:

“We are confronted with a Munchausen problem, the task is to grab your hair and pull yourself out of the swamp. Remarkably, social communities are indeed able to do so. To borrow an image from Wittgenstein: they are building the boat that is supposed to carry them while already swimming in the water” (ibid.: 61).

Only through a communal effort that mobilises the creative powers of lived social practice can the swimmers build their boat. Schulze’s metaphor draws attention to the fact that the mobilisation of this potential is a process of *social creation*. The formation of a community of practice or a learning organisation does not happen automatically but requires the effort of those who will belong to it. In fact, Schulze’s concept of social community as something that brings itself into being through a process of immanent creativity implies a strong notion of *social poiesis*. In Greek philosophy, the concept of *poiesis* denotes the ontological process by which something passes from not being into being. Schulze’s metaphor exposes the emergence of social capital (sense routines) as a process of socio-ontological *poiesis*: communities of practice *pull themselves into being*. One could indeed refer to a “bringing life to organization” since poietic self-creation – the pulling itself into being that is oftentimes referred to in terms of *autopoiesis* – has long been taken to be a central characteristic of living organisms (cf. Capra, 2002: 109). Social practice is of course not an organism. However, it certainly is a living process and its liveliness shows itself in the perpetual pull that not only creates itself (autopoiesis) but also that which above has been alternately referred to as tacit knowledge, procedural knowledge, know-how or intellectual capital: the value that economic transactions are unable to deliver.

2.2.3. Poietic Organisations

If this valuable knowledge is indeed immanent to what might be called *socio-poiesis* then it can not be assumed to be out there in bits and pieces simply waiting to be collected and processed by organisations. But then one has to ask: what is knowledge's mode of existence? Organisation theorists Markus Becker and Haridimos Tsoukas confront this question by harking back to Hayek's (1945) realisation that knowledge is essentially dispersed. In Tsoukas formulation, dispersion has to be understood in terms of knowledge being inherently indeterminate: "nobody knows in advance what this knowledge is or need be" (Tsoukas, 1996: 22). In other words, the organisation that needs to access this knowledge is in a permanent state of uncertainty. Becker takes up the notion of uncertainty in order to define it with reference to 'decision theory' which apparently differentiates between stochastic and structural uncertainty. In stochastic uncertainty the probabilities are known whereas in structural uncertainty only the probability distribution can be known. The unfortunate fact that the uncertainty that firms have to deal with tends to be structural confronts management (i.e., organisational decision-making) with the following problem:

"(N)either the probabilities of the different alternative choices nor all the different alternatives are known. Even more importantly, they are not only not known but also not given. They cannot be known *a priori*. They are indeterminate and emerging. Therefore the basis for decision making is not clear" (2001: 1040).

Becker and Tsoukas thus point to the fact that knowledge *IS* not (which is why it *is uncertain*) but it emerges in the process of social practice. This echoes Schulze's argument of knowledge being something that exists only in so far as social practice calls it into being in a process of communal creation. Here again, knowledge is understood as a property of social *poiesis*. However, Becker and Tsoukas point toward the *virtual* character of the resource that they refer to as knowledge. Knowledge is something that does exist in a state of virtual dispersion which is to say that in order to attain *actual* existence it has to be led through the passage of *poiesis* by creative powers of lived social practice. An

elaboration on the question of actualisation of the virtual is provided by in the following chapter (cf. section 3.5.1.). Suffice to say at this point that mode of existence of knowledge is indeed a rather peculiar one – one that cannot be understood without reference to *socio-poiesis*.

An instructive attempt to articulate this existential peculiarity of the resource knowledge with recourse to Japanese philosophy has been made by Japanese management scholar Ikujiro Nonaka and his collaborators. They propose the concept of *ba* designating a shared space for emerging relationships within which the self is able to find meaning in the presence of others; to recognise itself through that which it has in common with all others (Nonaka and Konno, 1998: 40). The argument is clear in so far as the space of *ba* is understood in terms of an essential commonness, where an existential, even ontological interaction leads to an emergence of knowledge:

“‘Ba’ is the place where information is given meaning through interpretation to become knowledge, and new knowledge is created out of existing knowledge through the change of the meanings and the contexts. In other words, ‘ba’ is a shared context in cognition and action. Knowledge cannot be understood without understanding situated cognition and action. In knowledge creation, generation and regeneration of ‘ba’ is the key, as ‘ba’ provides energy, quality and places to perform the individual conversions and to move along the knowledge spiral” (Nonaka et al., 2000: 8-9).

Once more, one gets a situated, practice-embedded notion of knowledge conjoined with an attempt to articulate this embeddedness in ontological terms. In a more recent clarification of the concept, Nonaka and Toyama refer to *ba* as “shared context *in motion*” (2005: 428, emphasis in the original), as something akin to negentropic energy, becoming more potent through interaction. *Ba* is understood in terms of process which is to say that it

“does not necessarily mean a physical space. Rather, it is a specific time and space ... the context shared by those who interact with each other; through such interactions, those who participate in ‘ba’ and the context itself evolve through self-transcendence to create knowledge. In other words, ‘ba’ is an emerging relationship among individuals, and between an individual and the environment” (2000: 9).

Knowledge is conceptualised again *not* as the product of something that *is* but as immanent to something that *becomes*. It is an emergent property of the socio-poietic process that the authors attempt to capture in the concept of *ba*. *Ba* is understood as something akin to the ontological essence of social or communal practice. It does not manifest itself in the actual existence of the individual but rather finds its 'place' in the virtuality of the poietic process of lived social practice.

2.2.4. Technological Capture

An important motivation for attempts to conceptually capture that which drives firms in contemporary capitalism is of course the intention to practically implement the theoretical insights by adjusting organisational structures accordingly. Although this issue resonates in the work of all the authors discussed above, the discussion will now turn to concrete suggestions of organisational transformation.

The rather inspired Japanese advice to firms entails the proposition that they become "organic configuration[s] of 'ba'" (Nonaka et al., 2000: 8) in order to provide the context in which the conversion of emergent knowledge into usable asset can be realised. The effectiveness of organisational structures is here itself understood as an emergent property, determined by the constellation of *ba* specific to the particular firm. The conclusion that management has to draw then is that there is no effective way to actively produce or even manage knowledge *per se*. Instead, as Becker (2001) and Tsoukas (1996) argue, the problem of knowledge management has to be transformed into the problem of *access to knowledge*:

"What is required is to make people communicate, assimilate cognitive frameworks, and develop understanding – in short, managers are required to support processes that lead to understanding, not just access to information" (Becker, 2001: 1048).

What both Becker and Tsoukas suggest is the creation of access channels that are embedded within the lived practice of the emerging communities within a

firm. Job rotation and company 'yellow pages' are suggested examples of such an embedded strategy. Instruments of this kind potentially provide the basic infrastructure for the necessary communication. In order to be effective these channels have to be accepted as part of the community of practice. If that happens, a gift economy emerges wherein knowledge creation and 'giving' is practice immanent.⁹

Managers are thus encouraged to become *facilitators* of the intra-organisational community; a function whose synonymy with the guardians of Benjamin Barber's (1984) political vision of neo-Tocquevillian communities is more than coincidence.¹⁰ The community that communitarians like Barber invoked politically is now supposed to find its way into organisational contexts.

However, whereas the suggested managerial technology for the appropriation of the valuable socio-cognitive resource is indeed organisational communitarianism, the actual technology employed has increasingly become information technology (IT)-enhanced knowledge management (cf. Stewart, 2001: chpt. 6). Explicit, declarative knowledge can of course be processed and transmitted quicker than ever before. However, even here – as economist Richard Langlois (2003) observes – human cognition remains the essential "buffer" that is necessary to translate (via selection and interpretation) data into valorisable knowledge. A similar argument is produced by computer scientist Geraldine Fitzpatrick who remarks that although the idea of reducing expertise to codified information stored in a data base is attractive, data will always have to be brought back to life by what she refers to as "invisible work"¹¹ (2003: 107). It becomes even more difficult with respect to tacit, procedural, cultural dimensions of intellectual capital. Here, capturing the socio-cognitive resource by way

⁹ For a discussion of whether networks operate according to a gift-logic see Thompson (2003, chpt.4).

¹⁰ There seems indeed to be some relation between the emergence of a community of practice approach and the Communitarian debate that was influential in the US in the 1990s (e.g., Etzioni, 1995). In Huysman and Wulf (2005) the link is explicitly made.

¹¹ Becker provides a good example of invisible work: "Take the example of standard scripts for telephone agents in call centres. Although seemingly including 'everything necessary' to deal with customer inquiries, a whole set of complementary skills is required for actually doing so: articulation, sensing the mood of the customer, adapting scripts to customers and the situation, and so on. Most of these skills are taken for granted, and therefore overlooked. This, however, is a serious omission" (2001: 1042).

of IT tends to face similar problems as the management of knowledge in general (Huysman, 2004): the tacit, dispersed, emergent, embedded, etc., nature of this invaluable resource cannot be overcome by simply 'injecting' IT. Therefore, Huysman and Wulf (2006; 2005) suggest that IT can only be effective if it is itself embedded in and useful to the community of practice in the process of knowledge creation. They argue in favour of a *socio-technical approach* to knowledge management, i.e., an approach that installs electronic networks within social networks (Orlikowski, 2001; Walsham, 2001). Discussing the detail of such a socio-technical approach is beyond the reach of this literature review. However, what can be said is that the literature points toward the possibility of electronic mapping of social capital, i.e., rendering explicit and visible the topology of networks of social practice. Thus, the potential success of the socio-technical approach could perhaps reduce the structural uncertainty referred to above and put management in more immediate contact with the social practice that produces the valuable resource 'knowledge'.

2.3. Beyond the Market: Embedding the Economic, Organising the Social

This section moves the focus away from the closed economic structure of the firm in order to discuss that dimension of economic space that has conventionally been conceptualised in terms of Cartesian space: the market. While the firm was thought of as the dimension of economic space explicitly organised through the insertion of a Euclidean structure, the market generally was – and to a large extent still is – conceived as a pure, unorganised space enveloping exchanges that regulate themselves via the mechanism of price. The present section will discuss approaches that challenge such a Cartesian understanding of the dimension of economic space that lies outside the firm. Taking the lead from geographically orientated scholarship, notions such as regional agglomeration, clusters, and networks will be discussed as providing conceptual vehicles for the introduction of lived social practice into the space of the market. Economic transactions *take place* geographically, it will be argued, but their taking place means above all an *embedding* into lived social practice. Subsequently the analysis will turn toward arguments that incorporate a notion of em-

beddedness into a theory of organisation that – contrary to the approaches discussed in the previous section – favours an opening of organisational structure (firm) or even its dissolution.

2.3.1. Regional Frames

One trajectory that challenges the conceptual hegemony of an abstract Cartesian notion of economic space emerged in the 1980s from debates that rediscovered geography as an important economic factor. Many of these debates took recourse to Alfred Marshall's classical arguments regarding the economic importance of spatial proximity. Developing notions such as "industrial district" or "industrial atmosphere" Marshall (1919) had emphasised the importance of socio-geographic factors for an understanding of economic spatiality. An early and seminal intervention that built on Marshallian ideas came from MIT economists Michael Piore and Richard Sabel. Their *Second Industrial Divide* (1984) proposed a shift from an increasingly unsuccessful Fordist model based of mass production of standardised goods to a more successful new regime of "flexible specialisation". Fundamental for their new model was the 'rediscovery' of the region as unit of economic production. Their argument, however, went far beyond economic topography. Approaching regions in terms of "industrial communities", Piore and Sabel argued that the most important factors for a more dynamic and innovative economy were skill and sociality. Whereas Marshall's classical approach took the advantages of industrial districts to be a function of economies of scale (external scope of a set of producers tied together by input-output relations), Piore and Sabel's industrial communities drew attention to the crucial importance of interactions and capacities that lie altogether outside the world of economic relations.

The so-called California School of economic geography (e.g., Scott, 1988; Storper, 1995) discussed "the resurgence of regional economics" (Storper, 1995) in terms of spatial agglomeration. Initially, they approached spatial agglomeration as the creation of an economic spatiality that allowed for a deepening in the division of labour while simultaneously avoiding the increased transactional uncertainty inherent to pure markets. Unsatisfied with such a strictly Williamson-

ian approach, however, they soon turned away from economic purism and began to search for extra-economic reasons for the success of spatial agglomeration. Eventually, they diagnosed regional flexibility to be a result of what they called “untraded interdependencies” (ibid.: 196). What this notion attempted to articulate were the historically and geographically determined conventions held by the social community that populates a particular region. As the term suggests, these interdependencies cannot be generated by the market. They denote a local community’s capacities to learn and innovate which are seen by these scholars as making up the decisive frame out of which possible “worlds of production” (Storper and Salais, 1997) can be induced to emerge.

2.3.2. Communal Clusters

Such a focus on the region could also be found in the more business orientated literature. Michael Porter’s (1990) writings on economic clusters represented certainly one of the most influential statements within the problematisation of the spatiality of exchange and made him perhaps today’s leading global business guru.¹² He suggested the famous “diamond” structure, i.e., the alignment of company conditions, factor conditions, demand conditions and related and supporting industries, as the universal method for achieving competitive advantage.¹³ Porter’s concept of clusters, however, lagged behind the above approaches to regional agglomeration as the diamond structure focussed exclusively on vertical integration, i.e., an integration that remained purely economic. This is the point from which economists Anders Malmberg and Peter Maskell (2002) mount their critique, drawing attention to the fact that empirical

¹² Working from his Institute for Strategy and Competitiveness at Harvard Business School, Porter and his ideas on competitiveness and clustering have indeed gained massive influence globally. He has acted as policy adviser to many regional and national governments as well as global corporations. In October 2002, for instance, the Economic and Social Research Council and the Department of Trade and Industry appointed him to review ‘the existing evidence of UK competitiveness’. The report resulting from this assignment can be found at:

<http://www.dti.gov.uk/economics/paper3-porter-ketels.pdf>

¹³ Kanter (1995) and Ohmae (1995) intervened in the debate less elaborate but with a similar thrust of argument. Pushing the concepts of *world-class regions* and *region states* respectively, these management writers argued for a reinvention of space in the light of a globalising economy. Their idea of an appropriate spatiality in the age of globalisation amounted to a cosmopolitan neo-feudalism that saw the region in a constant state of mobilisation under the auspices of the business community.

studies of clusters generally show very limited evidence of vertical integration. Limited evidence as to vertical integration means that clusters do not necessarily exhibit increased connectivity in an economic sense, i.e., increased buyer-supplier relations. As a result of their finding the authors suggest a reorientation in the theory of spatial clustering from focussing on interfirm transactions to an emphasis on *knowledge spillovers and local interactions leading to processes of learning and innovation*. Rather than vertical integration, they argue, the most obvious dimension of clusters is the horizontal one. Instead of collaborators and partners (vertical integration), co-located economic organisations are first and foremost competitors and rivals who integrate horizontally by mutually observing strategies, performances, etc. Taking up a concept first used by Storper and Venables (2004), the authors have recently referred to such horizontal variants of integration in terms of *local buzz*:

“Within [the] cluster, information flows, gossip and news create a complex multilayered information and communication ecology which we refer to as local buzz. This buzz encourages the development of shared values, attitudes and interpretative schemes *typical for communities of practice*, which enable the local actors to engage in interactive learning and problem-solving, and give meaning to complex information about changes in markets and technologies” (Bathelt et al. 2004: 46, emphasis added).

Co-location thus enables organisations to ‘tune in’ to the local buzz of communities of practice that the authors locate not only logically outside the realm of the economic but also spatially outside the organisation. Other authors have referred to this valuable and valorisable externality as “relational capital” (Capello, 2002; Capello and Faggian, 2005) or simply “noise” (Grabher, 2002b). It is interesting to note that such a conceptual extension of the notion of community of practice does not stop at the spatial boundaries of the cluster. As for instance Bathelt et al. (2004) as well as Malmberg and Maskell (2006) show, local buzz also supports the effectiveness of the cluster’s global connectivity. Here the reference is to global “pipelines” (Owen-Smith and Powell, 2002), i.e., connections to geographically distant clusters. These pipelines, it is argued, are also embedded in social practices that in this case are not locally bound. These non-

spatial communities of practice and “epistemic communities” (Knorr-Cetina, 1999) sustain the quality of the local buzz by preventing local closure of the cluster. The advantages of clustering are thus understood to be predicated on social practice that can be found both locally and globally. What makes clusters so powerful is thus a ‘medium’ that is situated outside the realm of the economic enabling the meaningful exchange of information.

2.3.3. Embedded Structures

Another influential trajectory that actuated the conceptual amelioration of economic spatiality drew on the work of US sociologist Mark Granovetter, particular on his notion of “embeddedness” (1985). At the centre of Granovetter’s argument was the thesis that economic processes cannot be made sense of by abstracting them from the social world.¹⁴ In his conceptualisation, embeddedness emphasised “the role of concrete personal relations and structures (or ‘networks’) of such relations in generating trust and discouraging malfeasance” (ibid.: 87). Perhaps one of the most important elaborations of Granovetter’s notion came from German economic geographer Gernot Grabher (1993) who conceptualised the manner in which economic actors are incorporated in local networks in terms of *structural embeddedness*. Whereas Granovetter’s classical analysis focused on *trust* as a resource that enabled economic transactions, Grabher’s notion of structural embeddedness was much more comprehensive. He distinguished four modes of structural embeddedness:

> *Reciprocity*, denoting a relation that sacrifices the immediate equivalence of market exchange to the benefit of the relationship as such. It is based on a dynamic understanding of the world, takes the flow of time seriously and involves confidence in the fairness of the arrangement as a whole.

¹⁴ Recently, Granovetter has formulated the thrust of his argument as follows: “It is crucial to open up the academic debate about the economy to include a genuinely social perspective and to set the interactions of real people at its centre. To the layperson it might seem obvious enough that the economy is part of the social world, not isolated from the rest of society, and that economics should deal with people in their everyday economic activities. In academic economics, however, exactly the opposite opinion has prevailed for several decades and still dominates the discourse” (Swedberg and Granovetter, 2001: 1, emphasis in the original).

- > *Interdependence*, emphasising the long-term character of the relationship that leads to mutual orientation, which “implies a set of more or less explicit rules that are formed, reinforced, and modified through interaction and – at the same time – that constitute the framework for subsequent interaction” (ibid.: 9).
- > *Loose coupling*, referring to the network character of the organisational field and its ability to forfeit hierarchisation. A network is a stable organisational arrangement but simultaneously a safeguard against rigidities. In the field of organisational studies it is therefore seen as particularly open to interactive learning and innovation.
- > *Power*, as a way of recognising asymmetries in the network-relationships. More powerful actors might be able to exploit synergies and interdependencies within the network more effectively than weaker ones.

Grabher’s four-dimensional model of embeddedness is interesting in so far as it begins to address the intricacy with which the economic is implicated in social processes. Either read through Grabher’s lens or taken directly from Granovetter, the embeddedness thesis spurred a veritable flood of studies. A few examples have to suffice here. Search and Taylor (2002) and Keeble and Nachum (2002) for instance provided evidence as to the embeddedness and clustering of professional service firms in Britain. With a slightly different emphasis, Ekinsmyth (2002a; b) problematised the heavy embeddedness of magazine publishing in the UK. Grabher’s (2001; 2002b) own studies of London’s advertising cluster Soho showed a heterarchy of overlapping layers of embeddedness. Of particular interest might be those studies that demonstrate the strong social embeddedness of what is usually taken to be the epitome of rational market transaction: global finance. One has to mention here the influential studies of currency trading by Knorr-Cetina and Bruegger (2002) as well as Mackenzie’s (2003) “sociology of arbitrage” that showed the embeddedness of arbitrage (trading profits resulting from price discrepancies) in relation to the hedge fund LTCM (Long Term Capital Management). Agnes (2002) found embeddedness looking at swaps, futures and master custody.

The merit of these studies is that they help to reveal the illusory character of the purely economic spatiality of the market. The empty repository of transaction and exchange as conceptualised by conventional economics simply does not exist. Even if pure markets once existed – which is rather questionable – embeddedness articulates the contemporary impossibility to conceive of economic space without taking into account the multidimensional processes emerging out of social networks.

2.3.4. Topological Representations

However, the problem is that while embeddedness marks a conceptual opening, it simultaneously causes conceptual dilution: embeddedness allows the precise conceptual structure of economics to be invaded by lived social practice. This problem has attracted the attention of an influential group of US scholars who argue that due to the multiplicity of dimensions inherent to the notion of structural embeddedness, its theoretical strength should be seen as being rhetoric rather than analytic (cf. Moody and White, 2003). Coming from a range of academic disciplines, these authors recognise the concept of embeddedness as an important way to *orientate* the analysis but find it too ambiguous to provide itself an analytical tool. In order to switch from orientation to analysis, these authors have chosen what they refer to as a *topological* approach to organisation. Topology as it is used here is understood as a mathematical methodology to isolate the precise rules that govern and coordinate the social networks that embed today's economic interactions.

Sociologist James Moody and mathematical anthropologist Douglas White, for instance, try to develop a topological approach based on the introduction of *structural cohesion* as a concept that is able to capture with mathematical precision at least one aspect of social embeddedness, i.e., what the authors call *nestedness*. Nestedness provides precision in so far as it measures the extent to which a group depends on particular individuals to retain its character as a group. According to the authors, this does not mean, however, that the concept is one-dimensional:

“Structural cohesion simultaneously defines a *group* property characterizing the collectivity, a *positional* property that situates subgroups relative to each other in a population, and *individual* membership properties” (2003: 105).

The analytical essence of structural cohesion, however, is simply *k-connectivity*. K-connectivity measures the number of nodes in the network that have to be removed in order for the network to collapse. Using nesting/k-connectivity as conceptual foundation, Moody and White develop the method of cohesive blocking which allows them to identify hierarchies of cohesive blocks (with decreasing k-connectivity) as well as their position in the overall network. This method enables them to develop maps of information flows, stratification processes, and power relations as functions of structural cohesion. Moreover, it allows them to identify general network phenomena such as small-worlds with more structural precision.¹⁵

The merit of this topological approach lies in its capacity to map the rules that govern and coordinate a particular network as immanent to the network itself. Hence network topology should be seen as an approach that takes seriously the immanence of lived social practice and tries to capture its poietic movement with mathematical precision.¹⁶ By visualising these immanent movements in network topologies, these scholars attempt to understand socio-poietic processes and predict their future trajectories. Nevertheless, it has to be clear that the movements displayed in these topologies are purely quantitative. The topological understanding produced here never goes beyond structural formality. It is based on the assumption that the resulting precision legitimates a numerical understanding of the social. Such a reductive understanding of the social is demonstrated by Moody and White’s conclusion that “the paths that link actors are the social glue holding them together” (2003: 122). Embeddedness thus becomes a function of the number of edges that connect the nodes of a network:

¹⁵ Stanley Milgram discovered the small-world phenomenon, proving experimentally that people in the United States are never separated by more than six degrees (six nodes in the network). For a recent elaboration see Buchanan (2002).

¹⁶ Moody et al. (2005) have indeed begun to visualise time and process in network topologies.

“We show that structural cohesion *scales* in that it is weakest when there is one path connecting actors, stronger when there are two node-independent paths, stronger yet with three node-independent paths, and finally when, for n actors, there are almost as many $(n-1)$ independent paths between each pair” (ibid., emphasis in the original).

In spite of its essentially quantitative character, organisational topology produces a number of engaging insights. White et al.’s (2004) work is a case in point.¹⁷ They draw attention to the fact that from a social networks perspective it is difficult to distinguish between closed organisational edifices (firms) and what they refer to as “organisational fields,” i.e., “those networks that emerge as structured and structuring environments for organizational and individual participants” (ibid.: 97). They argue that from the standpoint of network topology there can only be a difference of degree between organisations and fields:

“[W]hile we treat the network instantiations of organizations and fields as distinctive for the purpose of clarity, a more realistic approach asks how intra and inter-organizational relations interact dynamically to co-constitute coordination mechanisms for both organizations and fields” (ibid.: 97-98).

With k -connectivity serving again as operational foundation, the purpose of this topological exercise is to find out how network dynamics, the structure of fields, and the behaviour of organisations or individual actors co-influence one another. Fields and organisations co-evolve from the networks of relationships which they simultaneously shape. What is fascinating about this approach is that the definition of fields and organisations converges in so far as they “both give and regulate access to resources and information external to organizations” (White, 2004: 100,). It is not possible presently to discuss the empirical detail of their analysis. What is important to note, however, is that from the perspective of topology, there is no inside and outside of organisation, only different distributions of “cones”. Cones are hubs in the networks, i.e., locations of high connective density. While organisations tend to be multi-cone topologies, fields are more probable to be mono-cone topologies. In other words, what distinguishes organisationally closed firms from open fields is expressed here in

¹⁷ For a substantive empirical application of organisational topology see Powell, et al. (2005).

terms of the density and distribution of connections. The extreme reductionism of the approach thus turns out to be its greatest advantage: although reducing lived social practice to a number of edges is by no means a legitimate endeavour, connectivity nevertheless *is* the essential social form. Topology as it is practiced by these scholars is hence a mathematical method of understanding economic processes as a function of perpetually emerging and transforming connections that characterise lived social practice. The topological movements within the network amount to a – certainly reductive – representation of its general poietic capacity. The purpose of network topology lies in the attempt to find a level at which it is possible to intervene into the network's emergent architecture. If this proves possible then organisation becomes lived social practice topologically channelled. Organisation then becomes social life put to work by inducing particular movements. One might refer in this context to a positivist topology that tries to develop a method of steering these movements rather immanently by encouraging certain connections and hampering others. Perhaps they have made an important step toward what might be called – with reference to Deleuze (1995) – a science of *modulation*.

2.3.5. Dispersed Organisations

The discussion of the present section has so far been concerned with conceptual augmentations of the market as abstract, Cartesian space. As the section progressed, the spatiality of economic exchange has been invaded by notions such as regions, agglomerations, clusters, networks and the like. However, the analysis attempted to show that these notions are – in the final analysis – articulations of a more fundamental opening of economic space toward lived social practice. Arguing thus, it was not intended to downplay the strength of the geographical argument but rather to emphasise the true resource of contemporary capitalist production.

In the remainder of this section the discussion is going to turn to scholars who explicitly problematise the question of organisation from the standpoint of a becoming socially alive of the market. What renders their arguments fascinating is that in a certain sense they contradict the arguments of the previous section:

rather than organisational closure, these authors recommend organisational opening, even dispersion, as the most effective way to appropriate and valorise lived social practice.

Walter Powell, a leading scholar in economic sociology, discusses such an opening of organisation in terms of new “emerging patterns of western enterprise” (2001). He distinguishes three aspects of these new patterns. First, there is a shift from jobs to projects.¹⁸ By jobs, Powell means permanent work arrangements along functional lines. These are today increasingly replaced by project teams whose functioning he describes in terms of a temporalisation of economic structures. As Powell argues, such a temporalisation goes hand in hand with increasing reflexivity of the organisational process and the emergence of feedback loops:

“The activities of work teams are coordinated by a process of iterated goal setting. General projects, such as the design of a new car, are initially determined by thorough study of best practices and prospects for competing alternatives. Then broad plans are in turn decomposed into tasks for work groups. The goals are subsequently modified as work teams gain experience in executing the required tasks. Through these revisions, changes in the parts lead to modifications in the conception of the whole, and vice versa. The same procedure of monitoring decentralized learning, moreover, allows each party to observe the performance of the other collaborators closely enough to determine whether continued reliance on them, and dedication of resources to the joint projects, are warranted” (ibid.: 56).

What Powell presents here is a perhaps technically more elaborate picture of what Schulze in the previous section referred to as a learning organisation. However, the challenge to organisational closure emerges because Powell locates what he calls “decentralised learning” not necessarily within the boundaries of a particular organisation. Inter-organisational cooperation – and this is Powell’s second aspect of organisational change – has risen to an extent that it seems sensible to shift the unit of analysis from firms to cooperative networks.¹⁹ Powell does conceptualise the firm as a “vehicle for producing, synthesizing,

¹⁸ For the purpose of clarity, it might be more appropriate to speak of a shift from careers to projects (cf. Sennett, 1998).

¹⁹ Powell et al. (2002) exemplify this argument in a case study of spatial clustering of venture capital and biotech firms.

and distributing ideas" (ibid.: 60) but only in so far as it is a node in a wider network of organisations. Such a dispersed understanding of contemporary organisation can build on Manuel Castells' (1996) seminal contribution to the concept of *network society* which entailed a description of "network enterprises" as knowledge processors transforming signals into commodities. Powell's argument is also supported from the side of management studies where for instance Anand et al. (2002; 1998) emphasise the availability of sufficient knowledge within an organisation's memory "may require organizations to locate information processing activities outside organizational boundaries and to identify and link up with externally located knowledge sources" (Anand et al., 1998: 803). Thus, what Powell along with many others argues is that the value-creating resource is not necessarily to be found within organisational borders. Instead, they suggest the possibility of plugging into the social *per se*, as a way of absorbing the virtual wealth embedded in living social practice more directly. Such a proposition entails the thesis that instead of 'pulling sociality into the economic' by way of organisational closure, it might be more effective to simply disperse the economic organisation throughout the social. A very similar argument has been discussed above (section 2.3.2.) in terms of horizontal integration. It is such a dispersion/horizontal integration that can explain Powell's third aspect of organisational change: cross-fertilisation among economic sectors, i.e., the transversal movement of key technologies that travel across a variety of fields where they find their particular application.

How is such a dispersion of the economic into the social to be realised? An interesting attempt to answer this question comes from German political economist Birger Priddat. His argument starts from the premise that today, increased market speed makes it less sensible for a company to hold a large pool of accumulated intellectual capital. In an environment where valorisable knowledge expires rather quickly, it is more efficient to keep a rather small base of intellectual capital and simply import fresh resource whenever deemed necessary. Priddat, not unlike Powell, understands such a development in terms of a "dissipation economy" (2002: 66). Organisation loses its spatial structure in order

to become, as the author has it, “virtual” (ibid.: 71). In this notion of virtuality, what comes into focus is “interface management” (*Schnittstellenmanagement*):

“This does not only concern managers but the employees themselves as they now have to be competent to cooperate with externals on all levels. External cooperation emerges as counterpart of internal cooperation. This results in a higher decision competence and autonomy for those employees that operate on the interface. Each outside assignment is a sort of investment whose returns are measured by minimising its cost. Informal functions are being externalised. In addition, virtual teams ceaselessly emerge and fluctuate. The closure that characterised the classical company – the confining and ‘lining up’ of employees – gives way to a market opening that involves employees to a higher extent into entrepreneurial activities” (ibid.: 73).

Priddat aptly calls the new breed of employees “intrapreneurs,” highlighting the change in the quality of labour. He rejects idea of a communal home in the organisation, calling the idea of communities of practice a “romantic alternative” (ibid.: 77). In his assessment employees enter a veritable non-place that can only temporarily materialise in a cooperative effort. This is to say that “the task of organisation is delegated to the employee” (2000: 26). A similar delegation of responsibility has been noted by Powell as well:

“[S]upervision, responsibility, and even discipline, is often shifted from managers to peers, without any parallel increase in compensation or security. Thus, in many situations, workers are asked to do much more without any increase in pay” (Powell, 2001: 58).

What Priddat shows, however, is that delegation is not just a quantitative affair, not just an increase in the work load. Rather it is a qualitative shift in the sense that production now tends to include the production or actualisation of its very space. Labour becomes qualitatively different as employees

“are not [anymore] employed to do the work because ‘the work’ does not exist anymore in dynamic organisations that have to constantly react to changing market conditions. They are employed to do the work and accomplish the work on the work, i.e., the perpetual re-orientation of work and the solutions to new problems that emerge at the intersection market/organisation” (Priddat, 2000: 31-32).

It is this kind of “work on the work” that makes the difference, which allows organisations to exist in virtuality, actualising only temporally in order to exploit a specific customer demand and disperse as soon as the demand begins to fade. Temporal strategies of this kind indeed amount to an opening of organisations toward the logic of the market. Organisations transform into “fluid shells for changing idea producers and realizers that instead of forming hierarchical organisations connect through heterarchic forms of organisation” (2002: 81). However, the notion of virtuality highlights the fact that there is more involved here than a simple marketisation. Virtuality means that organisation has to be actualised which by definition involves a creative process. If an organisation is virtual, a *poietic* process has to be put in motion that pulls the virtual organisation into actuality. The market, however, cannot provide *poiesis*, as it is by definition a deontological entity based entirely on the exchange of equivalences. The market cannot be creative, let alone *poietic*. Hence, the virtualisation of the organisation on which its marketisation is predicated must be sustained by a resource able of *poiesis*. Priddat discovers this resource in what he calls “cooperative *habitus*” (ibid.) which becomes increasingly decisive for organisational coupling (*Organisationskopplungsmoment*). “In general”, he argues, “organisations will be closer to a mode of cooperation than to an organisation, i.e., in a state of the duality of cooperation and competition” (ibid.). The notion of cooperative *habitus* thus denotes the resource that sustains the virtualisation of economic structures. What once was labour now becomes the capacity to relate which is of course nothing but the ability to participate in living social practice. In fact, there is a shift from the *organisation of exploitation* to the *dissipation of exploitation* in the sense that it is less the realisation of the potential of a given resource that the management is after but rather the actualisation of that which is not yet here, of the virtual, that makes up the fuel on which contemporary capitalism runs.

The fact that Priddat refers in this context to the emergence of a “capitalist Platonism” (2002: 81) in which the demand for knowledge and ideas increases vis-à-vis the ‘energetic’ input, exposes the limitations of his approach. Knowledge,

regardless of whether it is located within or beyond organisational boundaries cannot be abstracted from the energy that produces it. Instead, the transformation that Priddat analysis points to should be understood in terms of an ontological shift that leads to the complete and explicit socialisation of production (mobilisation of socially productive resource) and organisation (mobilisation of socially cooperative resource).

Harvard Business School professor Shoshana Zuboff and management expert James Maxmin can arguably be seen as the authors who push the conceptual reconstruction of organisation the furthest into the socio-ontological. Working from the perspective of management and business studies, they develop a business model that takes the disappearance of traditional economic space seriously. Their central argument is that today, all value is distributed:

“We no longer look toward the producer in the centre of the solar system as the source of value and the fount of wealth... Firms no longer ‘create’ value; they can only strive to realise the value that already exists in individual space” (2003: 323-324).

Whereas in the past it was the firm with whom the powers of production resided this power has now shifted to the individual. The notion of individual space should not be over-interpreted: Zuboff and Maxim use it to emphasise the fact that the productive potential resides not with the organisational structures but with those who produce and – even more importantly – those for whom is produced. What is remarkable about their argument is that it can be sustained without recourse to the imprecise notion of knowledge. Instead they refer to *distributed value* which brings sociality back into the argument despite their insistence on individual space. Value, the authors argue, is distributed which means that it resides outside economic organisation. This is what makes Zuboff and Maxmin’s thesis remarkable: that which is most internal to the economy, i.e., value *per se*, is understood as being external to it. The historical genesis of value’s contemporary distributedness is related to an increasing psychological individualism that emerged in reaction to the mass society. This historical argument seems to be relatively unfounded but cannot be discussed in the context

of this review. What is important, however, is that in order to get to today's distributed value, the authors suggest firms to exit what they refer to as the "standard enterprise logic" and become something akin to facilitators of social encounters; something that works within the profound relationality of social practice itself. In order for an organisation to make the passage from the old economy to the *support economy* it in fact has to leave the logic of the economic:

"[The support economy] is a living relationship that insists on the possibility of what the philosopher Martin Buber called the 'I-You' – that is, a quality of relationship in which people engage each other as fully human. It stands in contrast to the 'I-It' relationship, in which the other is experienced as an object: the anonymous data point of market research, the wallet from which cash flows, the eyeballs that watch the screen. The I-You means that one encounters another in the true wholeness of his or her reality. In the I-You, the individual is no longer economic abstraction – consumer or producer – *but a vital, intricate, self-originating, and irreducible unique life*" (ibid.: 173, emphasis added).

What is aimed at is the penetration of social practice itself for the sake of immediate appropriation and valorisation of that which emerges in the interstices of the social encounter. In fact, Zuboff and Maxmin have realised the poietic powers of that which is most common: the ability to relate in a meaningful way. *Support economy* is the motto of a project that attempts to develop strategies that will be able to parasitically co-evolve alongside the gift economy of lived social practice. This is why the hierarchical "solar system of the standard enterprise logic" has to be substituted by "federated support networks" (ibid.: 322) modulating themselves according to emerging social practice. Similar to Priddat's description, units of production form temporally in order to respond to individual desires. The interface worker/consumer becomes the true production side where affect, emotions, and language are supposed to enter into a deep relationship that is immediately valorised. "Labour", as Priddat aptly describes this situation, "becomes a passionate (*leidenschaftliches*) project – shorter, more fluctuating, more intense, more lively" (2002: 86). This, indeed, is a vision of organisation as socio-ontological project, inscribing itself directly into the poietic processes of lived social practice.

2.4. Conclusion

The main conclusion that can be drawn from this literature review concerns a new approach to economic spatiality and its organisation. It has become clear that for a variety of reasons, the organisation of the two dimensions of the classical dichotomy of economic space – firms and markets – are being subjected to important transformations, both conceptually and practically. As has been argued throughout this chapter, the general trajectory of these transformations has to be understood in the context of a systematic attempt to appropriate and valorise what has been referred to as *lived social practice*. Firms and markets, it appears, are currently in a process of redefinition and reorganisation. What the literature reviewed suggests is that this process aims at the creation of organisational technologies and apparatuses that can utilise and exploit lived social practice more directly and efficiently.

However, it is obvious that the notion of lived social practice has not yet been defined with much precision. In the above discussion it has been used as a conceptual horizon toward which a variety of arguments seemed to tend. Rather than providing a ready-made concept, it operated as a ‘methodological’ tool articulating a common ground for the various attacks on the conventional theory and practice of economic organisation. Nevertheless, there are a number of important ‘conceptual leads’ that have been generated in the course of the discussion indicating the contours of lived social practice. It will be a central task of the theoretical discussion in the following chapters to conceptually sharpen these contours.

3. Organisation as Ontological Problem: Process and Vitality

3.1. Introduction

The previous chapter reviewed the discussion of the transformation of the two dimensions of economic spatiality – firms and markets – as it takes place within the academic disciplines that are traditionally concerned with the field of economic organisation: economics, organisation studies, economic geography, economic sociology and business studies. Over the course of the analysis it became increasingly clear that the organisational transformations under discussion were related to a tendency whose full articulation was beyond the conceptual means of the reviewed approaches. It was here that the introduction of the – albeit tentative – notion of lived social practice revealed what would otherwise have remained implicit in the discussion: a mutation of economic organisation into a systematic practice that is able to accommodate and appropriate the social as generative (poietic) process.

This chapter aims at a conceptual deepening of the analysis with respect to such a shift. It takes its lead from Gilles Deleuze's important comment on the contemporary breakdown of organisational structures (Deleuze, 1995). Deleuze's remarks regarding the so-called "control society" provide the analysis with a first conceptual approximation to the trend articulated in the previous chapter: following Deleuze, the new approaches to economic organisation can be understood as a shift away from *static form* to *dynamic process*. As a consequence, the focus of this chapter will be on the notion of *process*. As a philosophical concept, process has lately come to prominence within the relatively recent theoretical current of neo-vitalism, which finds its dynamic 'foundation' in an *ontology of process*. For a large part, this chapter engages with such an ontology of process in order to develop a conceptual apparatus that enables the analysis of contemporary economic organisation to move beyond some of the limitations identified in the literature review. The exploration of a (neo-)vitalist notion of process eventually leads this chapter to the vitalist sociology of the late Georg Simmel whose work sociologically concretises the ontological notion of process. In doing so, Simmel's *Lebenssoziologie* gears the conceptual apparatus of neo-vitalism

toward a sociological understanding of process that allows the analysis to develop a notion of *vital organising* that is able to explicitly think lived social practice within the transformation of contemporary organisation.

3.2. Organisation: Form or Process?

A first theoretical deepening of the issue of transforming economic organisation can be accomplished by turning to Gilles Deleuze's "Postscript on Control Societies" (Deleuze, 1995). In this brief text, Deleuze contemplates the crisis of the modern structures of organisation with reference to Foucault's notion of the disciplinary confinement. It is instructive in the present context to understand the disciplinary confinement as the generic model of modern organisation that also applies to Coasian and Williamsonian structures in so far as it works through "moulding", i.e., the imposition of predetermined form. Companies are confinements in so far as they represent stable structures - moulds or forms - in which productive flows are congealed into commodity-form. The company-confinement imposes a mechanistic structure on the relations of a social multiplicity that then forms a standardised workforce (labour) which in turn produces standardised commodities. Deleuze thus draws attention to the fact that modern organisation was a question of the imposition of *form*. However, as Deleuze goes on arguing, the organisational structures that functioned according to the disciplinary model of "moulding" are increasingly breaking down. They are replaced by an organisational regime that does not work anymore through the imposition of form but through "controlling" *the process of formation itself* by way of constant "modulation". Here, contemporary organisation is understood in terms of a breakdown of form (which simultaneously is a breakdown of the practice of imposition) that coincides with the emergence of a process of formation whose productive capacity will not be appropriated by forcing it into preconceived form but through the modulation of the process by which its properties (forms) emerge.

Hence, the crucial insight that emerges from Deleuze's discussion of the crisis of discipline is that the changes in organisational practice discussed in the literature review can be understood as a shift from economic organisation as *form* to

economic organisation as *process*. Deleuze's approach is instructive here as it helps to realise the central significance of the notion of process - as opposed to form - for the present analysis. The opposition of form and process on which Deleuze's comment is predicated suggests that the *transformation* of the two dimensions of economic space (company/market) might in fact be better understood as a *de-formation* (in the etymological sense of the term) of economic practice: the conventional *forms of economic organisation* are at least partly dissolving into *processes of economic organisation*. It seems clear that such dissolution of organisational form into process is related to the generative process that has been referred to above in terms of lived social practice. The specificity of the relationship between organisational transformation and lived social practice in so far as it is a *creative process* will be the subject of theoretical analysis in the present chapter (and the next). It will focus on the notion of *process* because it seems to define the contemporary relations of production as they are expressed in the practice of economic organisation.

3.3. A New Vitalism?

Understanding contemporary organisation in terms of a shift from form to process leads the analysis away from the academic disciplines of economics and sociology onto the level of ontology. What are the conceptual gains that such a shift toward ontology can offer vis-à-vis approaches in the conventional disciplines of organisation?

In order to answer this question, the analysis will turn to a relatively recent current in social and cultural theory that goes under the label of neo-vitalism. Neo-vitalism is interesting in the present context because it revolves around the question of "what is distinctive about process as a mode of being" (Fraser et al., 2005: 1). Process is understood here in terms of life, i.e., as vital process. In fact, neo-vitalism proposes the notion of vital process as a reaction to what is believed to be a general ontological shift expressed in the emergence of "understandings of information, complexity, and cybernetics in the economy, science, and art" (ibid.). What the previous chapter tried to achieve by introducing the tentative notion of lived social practice in the context of economic organisation,

neo-vitalism aims for with a notion of vital processes at a much more general level. It is an attempt to move the concept of life beyond its conventional conflation with the (life) sciences; to unleash life from its conceptual confinement to living organism. Neo-vitalism wants to open the concept of life onto an ontological notion of vital process that favours becoming over being, movement over stasis, action over structure. In its development of a conceptual apparatus supporting such a process-ontology, neo-vitalism – as the label suggests – harks back to the philosophical tradition of vitalism.

Vitalism is *Lebensphilosophie*, i.e., a philosophical tradition whose roots reach back to the opposition between Heraclitus' flux and Plato's dominance of form. In this opposition vitalism represented the camp that emphasised the primacy of morphogenesis – the process of formation – over form. The vitalist notion of life, as Scott Lash has recently put it, "has always favoured an idea of *becoming* over one of *being*, of movement over stasis, of action over structure, of flow and flux" (2006: 323). The vitalist emphasis on process was predicated on the rejection of an understanding of life in terms of mechanism. To the question of what distinguishes the living from the non-living, vitalism answers with the concept of *vital force*. Vital force remained the essence of vitalist philosophies, ancient and modern: Heraclitus' *logos* and Aristotle's *entelechy* gave way to Paracelsus' *archeus* and William Blake's *energy* (Schrödinger, 1967). The problem with these traditional vitalisms is that they try to counter the reductionism of mechanism with the dogma of life as eternal essence of being. Such a concept of life is dogmatic in so far as the vital force it advocates represents a substantive residuum that mechanistic science is unable to explain. Against a mechanistic concept of life traditional vitalism, one could say, launches a theory of myth (Burwick and Douglass, 1992).

Contemporary propositions for a vitalist renewal are anxious to reject such an essentialism or mysticism (Fraser et al., 2005; Lash, 2005; 2006). Instead, they emphasise the relationality of the vital process. "Process," as Fraser et al. put it,

"is characterized by a radical relationality: the (social and natural) world is understood in terms of constantly shifting relations between open-ended objects.

This is not to suggest that there are relations *between* pre-existing entities or objects. Instead, objects, subjects, concepts are composed of nothing more or less than relations, reciprocal enfoldings gathered together in temporary and contingent unities. Furthermore, since a relation cannot exist in isolation, all entities can be understood in relation to one another" (2005: 3, emphasis in the original).

This proposes a monist concept of life as relational process. Life is situated in an ontology assuming a pure relationality of moving forces that throws up ephemeral forms soon to be drowned again in the process.²⁰ Manuel Delanda (2002), who relates the notion of vital process to Gilles Deleuze's ontology, understands relationality in terms of multiplicity. Both relationality and multiplicity are notions that articulate a dimension that allows neo-vitalism to think ontology without falling back onto an essentialism that proposes a self-identical substance as the 'motor' of being. Approaching process via multiplicity or relationality means to conceptualise morphogenesis not on the basis of the *one of being* but rather on the basis of the *many of becoming*.

Another distinctive dimension of the neo-vitalist notion of process is *immanence*: there is no outside to the process, no supplementary dimension that could transcendently determine the multiplicity of relations. Even time and space must not be understood as external to the relations that make up the process. Process is not movement *in* time and space.

"Instead", as the new vitalists put it, "time and space change according to the specificity of an event. The event makes the difference: not in space and time, but to space and time" (Fraser et al., 2005: 4).

In other words, time and space are intrinsic modalities of process, determined by the changing constellations of the relational multiplicity. An event is thus constituted by the emergence of a constellation that in some sense introduces a difference into the process. Relationality and immanence converging on a process-ontology – this appears to roughly define the operational field of a renewed vitalism. Operational field in this context should not be understood as a closed

²⁰ Which is not to say that new vitalism is in denial or ignorant of the molar or the actual (forms, objects). Rather it understands these 'facts' in terms of process. Whitehead (1971), e.g., refers to 'stubborn facts' by which he means a sort of 'path-dependency' of processes.

conceptual territory but rather as an opening: an attempt to account for the vitality of our contemporary life-world by launching an equally vital ontology of life.

3.4. Philosophies of Vitalism

Before engaging in a thorough exploration of the notion of process, it might be instructive to pause for a moment in order to turn to what might be called the 'modern classics' of vitalist philosophy. This is necessary because although there have been a few programmatic interventions (Bleicher, 2006; Fraser et al., 2005; Lash, 2005; 2006), there has not been so far an attempt to systematically elaborate a potential new vitalism with regard to these 'old vitalisms'. Such an endeavour is of course also well beyond the scope of the present chapter. Nevertheless, it seems apposite and required to provide a brief introductory discussion of the central figures on which the revival of vitalism draws. This will provide the analysis with an overview of important vitalist ideas in general as well as produce some propaedeutic insights as to what a notion of vital process might entail. This section will therefore engage in brief discussions of the philosophies of Friedrich Nietzsche, Henri Bergson, Alfred North Whitehead, Gabriel Tarde and Gilles Deleuze. It should be clear, however, that all that is intended here are approximations to these philosophies *in so far as they are vitalist*. These are not elaborate portraits of philosophical systems but snapshots that try to capture the philosophers' relation to an ontological notion of life as process whose further contemplation will be the subject of the remainder of the chapter.

3.4.1. Friedrich Nietzsche

Friedrich Nietzsche's theory of life rests on a peculiar understanding of power that in the first instance is not dissimilar to the one developed by Hobbes, the other great modern philosopher of power. Here, life is understood as struggle, as *Kampf* for self-preservation. However, Nietzsche's notion of life transcends Hobbesian teleology. It is not about self-preservation but rather about self-overcoming (Ansell Pearson, 1991: 45 and passim). Life, for Nietzsche, is the *will*

to power as a creative process of excess and expenditure. The crucial characteristic of the living, Nietzsche says, is that it wants to “discharge its strength” (1999a [1886]: §13).²¹

Such an understanding of life in terms of excess also marks Nietzsche’s breaking away from Schopenhauer, whose *will to life* was an important reference for the will to power. Schopenhauer’s will to life rests on a notion of will as lack. Nietzsche’s will, quite to the contrary, is immanent in so far as it is not directed toward an external object. It wills power which denotes the very essence of willing, i.e., to be overpowering. Life as the will to power is thus immanent excess or, as Heidegger has called it, ‘self-overpowering’, *Sichübermächtigen* (1997 [1961]: 89).

It is important to note, however, that the will to power cannot be located at the level of the individual: it is not a subjective willing. In fact, Nietzsche’s understanding of life as will to power deconstructs the idea of organic unity. Organisms, in as far as they have a real existence for Nietzsche, are open rather than closed systems, made up of a multiplicity of forces – ‘points of will’ [*Punktationen*] (Nietzsche, 1999b [1887]: §11 [73]) as Nietzsche calls them – that are in a process of perpetual mutual adjustment (Müller-Lauter, 1971: 32 and *passim*). This process of struggle/adjustment is predicated on what Nietzsche refers to as *pathos*, i.e., the ability to affect and be affected. He proposes “that, in order for the will to power to express itself, it needs to perceive the things that it attracts, so that it *feels* the approach of what is assimilable to it” (1999b [1887]: §14[78]). This is to say that when Nietzsche refers to the will to power as a multiplicity, what he has in mind is not the mechanics of Cartesian atomism but a multiplicity that entails a “sensibility of forces” (Deleuze, 1983: 63).

²¹ For reasons of historical clarity, this section will provide references that include the original year of publication (or, as in Nietzsche’s case, the year of writing) in [brackets].

3.4.2. Gabriel Tarde

Such a sensibility can also be found in Gabriel Tarde's²² notion of multiplicity which is based on a transformed Leibnizean monadology.²³ From the latter, Tarde takes the two fundamental principles, continuity and indiscernability in order to develop an ontology that makes the infinitesimal "key to the universe" again (Lazzarato, 1999). However, Tarde's monadology departs from Leibniz's when it rejects substance and identity as fundamental principles of the monads' activity. Instead of the one of being, Tarde is looking for the many of ontological association. There is no God, no pre-established harmony among Tarde's monads. Instead of postulating their mutual exteriority, he conceives them as open, reciprocally interpenetrating forces, each ceaselessly trying to absorb or conquer all other movements.

It is in this permanent heterogeneous pulling, this everlasting expression of appetite for being that Tarde localises the "absolute univocity of life beneath all its forms, extending into all beings regardless of all discrepancy between the atomic, the vital, the mechanic, and the social" (Alliez, 1999: 15). This is the differential dimension of the "panvitalism" (ibid.) in which Tarde finds the nonessential (nonsubstantial) substitute of Spinoza's unique substance: "To exist that

²² Although highly influential during his life, Tarde's thought seemed to have been eradicated from academic memory until very recently. This almost perfect erasure has to do with the fact that Tarde's work just precedes the Durkheimian constitution of French sociology. Tarde's "pure sociology" transcends by far the disciplinary edifice that Durkheim erected. The latter's success in establishing sociology as an academic discipline led to the former's reduction to "the prestigious but irrelevant position of a mere 'precursor' - and not a very good one at that, since he had been forever branded with the sin of 'psychologism' and 'spiritualism'" (Latour, 2002: 117).

It might be worth noting, however, that Tarde has got a strong notion of basic *social fact* which is of course what his younger colleague and later "father" of French sociology demanded to be the subject of his discipline. For Durkheim, social facts consist of "manners of acting, thinking and feeling external to the individual which are invested with a coercive power by virtue of which they exercise control over him" (1982 [1895]: 52). Tarde's notion of social facts can be read as an inversion of Durkheimian sociology. Tarde's facts are social precisely because they are not transcendently imposed on the individual but rather immanently emerging through the individual. For Durkheim the social is external and coercive to the individual as political animal whereas for Tarde the social is 'internal' to the individual *per se*, or rather, it is the ontological mode of being for every object, every being.

²³ One could perhaps say that Tarde's entire thought moves from such a transformed Leibnizian monadology. This seems at least the perspective one finds in the current re-evaluation of Tarde's work (cf. Lazzarato, 2002). His oeuvre is approached precisely through his ontology, thus understanding him as a philosopher who productively infected social science with the virus of a philosophy of life. This is reflected not least by the sequence of Eric Alliez's new edition of Tarde's work which starts with his *Monadology and Sociology* (Tarde, 1999 [1893]).

is to differ; difference, to be plain, is in a sense the substantial aspect of things..." (1999 [1893]: 73). There is thus an *affective* vitalism here which, however, as Lazzarato (1999) emphasises, is immediately political as well. The sensible relationality that Nietzsche emphasises in the notion of multiplicity one finds in Tarde as pre-individual sociality, in the universal polis of the *citoyens infinitésimaux*, the infinitesimal citizens. Every actual phenomenon is understood as a society or *polis*: objects, phenomena as societies emerge when certain monads become dominant over others, when they are able to impose their will on other monads. Dominant wills become rules of composition or *immanent social laws* of the multiplicity (society) articulated in emerging forms.

3.4.3. Henri Bergson

Henri Bergson's philosophy of the vital impetus [*élan vital*] and duration [*durée*] marks another important contribution to vitalism. From his first major work, *Time and Free Will* (1910 [1889]), Bergson's quest consisted of an attempt to overcome a way of thinking purely based on matter/actuality with one that appreciates the vitality of time or duration. His philosophical contribution toward such a philosophy was the invention of the method of *intuition*: if life is first and foremost becoming (*devenir*) then intelligence alone is unable to grasp it. Intelligence, as Bergson understood it, is the human faculty directed toward the manipulation of actuality/matter whose natural mode entails the Eleatic decomposition of living movement into static instants. Intuition, by contrast, recognises the virtual as the real source of a reality that *becomes*, i.e., as it is perpetually enlivened by the *élan vital*. It does so not as the mind's access to an essential truth but as real participation in the process of things. As the supplement of intelligence, intuition both calms the human obsession with rational progress and opens up the future for a veritable passage beyond the *conditio humana*.

What made the philosopher famous, however, was his *Creative Evolution* (1998 [1907]), which developed Bergson's notion of the creative time of duration within the field of contemporary biology. Bergson argued that evolution is not just a process of change but one of invention as the forms that emerge throughout do not exist in advance. Therefore, it does not just involve the *realisation* of

pre-existing *possibles* but rather the *actualisation* of the *virtual*. The latter is a truly creative process because what is actualised does not resemble the virtual. The actualisation of the virtual occurs within duration, driven by a “vital impetus”. Here Bergson develops a notion of process that will be discussed *en detail* in section 3.5.1. What has been said so far suggests that Bergson understands life first and foremost in terms of duration, thus emphasising continuity and temporality. His thinking of duration, however, always implicates in a rather complex manner the thought of multiplicity. This multiplicity is a virtual, continuous multiplicity that evolves through perpetual dissociation into an actual, discrete multiplicity. There are hence two multiplicities for Bergson, one virtual the other actual. It is the movement between these two multiplicities that characterises creative becoming, throwing up new forms of life in divergent evolutionary lines while something of the vital impetus permeates all the divergent lines, permanently pushing them toward the new in the process of life (Ansell Pearson, 2002: 71 and *passim*).

3.4.4. Alfred North Whitehead

One finds a similar emphasis on process in the philosophy of Alfred North Whitehead who was a contemporary of Bergson. Indeed, the first principle of his philosophy is called the ‘principle of process’. Process is *dynamis* and *kinesis* and as such represents the vitalist manoeuvre that once again dethrones the principle of substance that was inherent in classical ontology. Already in *The Concept of Nature* (1971 [1919]) Whitehead develops his understanding of nature as process in an attempt to bring physical reality back to life by liberating it from the deadly grip of positivism. Thus, in a fashion not dissimilar to Bergson, Whitehead proposes an anti-essentialist ontology from the perspective of qualitative, living movement, in a word: process.

Simultaneously – and here Whitehead is close to both Tarde and Nietzsche – he conceives the ‘actual world’ as organism. This is to say that reality is made up of interdependent ‘actual entities’ as a unity of connected multiplicities. This organism of interdependent actual entities, however, is consequently understood in terms of process. The emergence of an actual entity is the temporary

outcome of a self-constituting movement termed “prehension”. Prehension can perhaps be best understood as grasping, as the movement of a ‘concurrent’ becoming. This grasping, and this is crucial for Whitehead, is without the need for a grasping (Cartesian) subject:

“The operations of an organism are directed towards the organism as a ‘superject’, and are not directed from an organism as a ‘subject’. The operations of an organism are directed *from* antecedent organisms and *to* the immediate organism. They are vectors in that they convey the many things into the constitution of the single superject” (1985 [1929]: 151).

It is here that life manifests itself as “absolute, individual self-enjoyment” in the process of creative “transformation of the potential into the actual” that is selected by this particular concrescence from the boundless wealth of potential alternatives (1934: 58, 60).

3.4.5. Gilles Deleuze

The contemporary philosopher to whom neo-vitalism has to acknowledge its greatest debt is Gilles Deleuze. Deleuze never hesitated to affirm the vitalist character of his philosophy: “Everything I have written is vitalistic, at least I hope it is...” (1995: 143). In the end, it was him who gave a new turn to the project of a vitalism. In Deleuze’s work, the trajectories of diverse philosophical attempts to think life converge on a radical, superior empiricism.²⁴ As Deleuze’s philosophy of the virtual unfolds, he modifies and radicalises the vital impetus as well as the notion of multiplicity by proposing an ontology of *difference* that completely disposes of identity. Deleuze’s difference is incorporeal, yet real-material (contra Hegel), unfolding between the virtual and the actual, between intensity and extensity. Difference is that which makes being dynamic, transforms being into becoming.

Life pervades the process not in its moments, but in its mean-times [*des entre-temps*]. Life is what happens in between two infinitesimal intervals and makes

²⁴ Alliez (1998) for instance refers to Deleuze’s “vitalist triangle” consisting of Spinoza, Bergson and Nietzsche. For an illuminating comment on Deleuze’s (and Guattari’s) pragmatism (which is what the notion of ‘superior empiricism’ aims at) see the recent intervention by Stengers (2005).

them different. This is the space, or rather the non-space, where there is a play of pure potentialities, a pure plane of immanence (Deleuze and Guattari, 1994). In the last published text before his death Deleuze says: 'Pure immanence is A LIFE, and nothing else. It is not immanence to life, but the immanent that is in nothing is itself a life. A life is the immanence of immanence, absolute immanence: it is the sheer power, utter beatitude' (1997: 5). This rather mysterious passage can be elucidated with reference to Bergson. According to him, life inserts *indetermination* into matter (1998 [1907]:126), an indetermination that is neither empirical nor due to a lack of knowledge (to be discovered in the future). Deleuze's notion of pure immanence turns the Bergsonian notion of life into one in which 'a life' *indetermines process* by providing it with *determinability*.

3.5. Neo-Vitalism and Process

What these five brief sketches have in common is that they articulate a notion of life as that which makes being the dynamic process of becoming. Life is understood as the 'essence' of the world, *except there is no essence, only process*. This process, however, is predicated on a notion of multiplicity. It is particularly Nietzsche and Tarde who emphasize the relational, even conflictual nature of the process of becoming, expressed in the notion of a monadological, non-atomistic (because non-mechanistic) multiplicity. Deleuze then systematises the notion of multiplicity by making difference the ontological substitute of essence. There is thus a radical differentiability or relationality as the dynamic foundation of vitalist theory. In other words, these *Lebensphilosophien* are predicated on the ontological notion that entities are constituted in mobile relations among differences. These relations are always understood in *immanent* terms. Being as becoming is understood as dynamic multiplicity defined by the relations that constitute it. This is not to say that there are no actual forms, objects, or subjectivities, but rather – and one finds perhaps this particularly lucidly expressed in Whitehead and Tarde – that all these actual formations are generated by the immanent forces of the moving multiplicity.

Process becomes vital through the principles of movement, multiplicity and immanence. In neo-vitalism, the convergence of multiplicity and immanence on

a notion of process is taken to be creative of a force field acting as a “lure of life,” (Fraser, et al. 2005: 3) i.e., a conceptual manoeuvre that puts thought in touch with the real process of life.

The remainder of section 3.5. therefore deepens the understanding of life as vital process that has been introduced in the discussion of the previous section. It problematises the notion of process from a variety of perspectives in order to lay the groundwork for the development of a conceptual apparatus whose elements enable the analysis to grasp more thoroughly what the conventional approaches to economic organisation only understand implicitly: the relation between organisational form and vital process.

3.5.1. Process: Virtual and Actual

One of the reasons a vitalist notion of process is so instructive for the present analysis is that it restates the question of morphogenesis: how does form (patterns, objects of biological, social, political, technological, organisational or, indeed, any kind) emerge and develop in the world? In other words, the kind of vitalism that is presently of interest problematises the question of *poiesis* that has already surfaced in the previous chapter (How does anything pass from non-being into being?) but conceptualises it as a process of *formation*, i.e., as morphogenesis. Western thinking since the time of the Eleatics and particularly throughout its modern scientific period has answered this question with reference to the model of the *possible* and the *real*. According to this model, the *genesis* of form [*morphé*] is understood as the selective realisation of a ‘candidate’ from a pool of pre-existing but unreal possibilities. As Deleuze (1988a) has pointed out, this model is predicated on two crucial rules: resemblance and limitation. The rule of resemblance declares that which is to be realised to always correspond to the image of that which was possible. The possible, although a mere phantom without reality, is nonetheless considered to provide the exact model of the real. “It simply has existence or reality added onto it,” as Deleuze puts it, emphasising that “from the point of view of the concept, there is no difference between the possible and the real” (1988a: 97). *Limitation* on the other hand becomes necessary because although anything whatever can exist as

a possible model or image, clearly not everything that is possible can be realised. If the latter was the case, the world would indeed *take place* in one enormous instant. In fact, as Sanford Kwinter observes, “[e]verything would not only happen at once, but would indeed already have ‘happened’” (2001: 7).

In this model, morphogenesis is thus conceived from the perspective of the resulting objects or phenomena, taking their form as homogenous, eternal essences that are projected from the present into the past.²⁵ Time enters morphogenesis only as a mechanical principle, linearly dividing up the instances of realisation. Indeed, the Parmenidean denial of time seems to be operative here as time is effectively reduced to the succession of spatial instances that prevent the world from happening at once. Vitalist process-ontology rejects such a reduction of time to a fourth dimension of space. The crucial methodological operation with which process thinking tries to overcome such a reductionism is the substitution of the coupling possible/real with the coupling virtual/actual. Actualisation of the virtual is not regulated by resemblance and limitation but by difference or divergence. The actual differs from the virtual which, however, is fully real. Actualisation does not proceed by selectively rearranging stable, pre-existing but unreal parts. Instead, it proceeds by invention. Bergson compares this process to a rubber balloon taking on unexpected forms at each moment (Bergson, 1992 [1919]: 101). In such a conceptualisation, the (temporarily) resulting forms cannot be understood *per se* but only with reference to the creative temporality of duration that gave rise to them. Only concrete, creative time can produce a world that is not permanently frozen at one and the same instant (Olma, 2006; 2007). What Bergson’s balloon metaphor tries to elucidate is that movement is inside form, pushing it ceaselessly beyond itself. It is in this Nietzschean excess of itself that neo-vitalism locates the creative difference of morphogenesis. Instead of relying on projecting images of essential form into

²⁵ Because, as has been argued above, it thinks morphogenesis from the perspective of form: “The possible is ... a mirage of the present in the past; and as we know the future will finally constitute a present and the mirage effect is continually being produced, we are convinced that the image of tomorrow is already contained in our actual present, which will be the past of tomorrow, although we did not manage to grasp it. That is precisely the illusion. It is as though one were to fancy, in seeing his reflection the in front of him, that he could have touched it had he stayed behind it” (Bergson, 1992 [1919]: 101).

the past, the notion of process attempts to retrace morphogenesis on its own terms. Process-thinking is thus a thinking that tries to *accommodate* real, creative time rather than break it up into static forms or essences. *Process-thinking is morphogenetic thinking.*

3.5.2. Process: Extensity and Intensity

Another way of understanding the notion of process in morphogenetic rather than 'formal' terms is on the basis of the difference between extensity and intensity. Against a model of time as abstract movement, neo-vitalism presents us with a qualitative, creative notion of time as process that reintroduces life into the concept of time. Vital processes happen 'live' which means that they do not happen *in* time. Process does not have extension. Rather, it is an intensive event *that cannot be divided without changing in kind.* Process is *intensive* movement, enduring creatively within the formations, within the objects that are thrown up into actuality.

How exactly is one to understand intensive movement? To answer this question, it is instructive to briefly turn to the field of Thermodynamics to which the distinction between intensity and extensity conventionally belongs and where it is used to distinguish two general classes of properties of matter. Whereas extensive properties change their value as a result of division, intensive ones do not. Mass and volume of matter in a given state or instance will be reduced to half their value when divided into two equal parts whereas pressure, temperature, and density will not change. Furthermore, and this is the point on which Deleuze places particular insistence, extensive properties are different from intensive properties in that the former add up in a simple way (two extensions add up to an extension of proportionally higher value) whereas the latter *average*. This is to say that the merger of two bodies with, e.g., different temperatures will trigger a spontaneous diffusion process leading to the adjustment of the two temperatures at some intermediary level. This is crucial as it points to the dynamic aspect of intensive properties which makes them also different from simple qualities (e.g., colour). As Manuel Delanda elaborates:

“[D]ifferences in thermodynamic intensities are capable of driving a process of equilibration in a population of molecules, a process in which these differences will tend to average themselves out. The intensive would then be distinguished from the qualitative by the fact that *differences in intensity*, though not in quality, can *drive fluxes* of matter and energy” (2002: 60).

Thus, what makes the notion of intensity interesting for Delanda as well as for the present analysis, is that differences in intensity are *productive*. The difference in temperature that the two bodies in the above example display creates an *intensive movement* that in the case of a linear system leads to the equalisation of the values. The newly formed system moves toward its equilibrium state. However, as soon as one considers non-linear systems, equalisation tends to disappear. In complex, living systems, intensity is sustained due to the fact that difference prevails. The system becomes a singularity, i.e., a multiplicity of differences tending toward a certain state which, however, is itself unstable. The instability is created by the perpetually conflicting differences generating a virtual structure that ‘guides’ the process of becoming. Intensity is thus virtually sustained providing the singularity with the creativity without which the emergence of novel form would be impossible. Singularity can thus be understood in terms of Whiteheadian superject but with a strong emphasis on the intensity of the inherent dynamism. It is the intensity of the singularity as virtual structure of difference that renders possible the reversal of the classical understanding of the morphogenesis. The virtual intensity of the singularity unfolds within the process of actualisation as extensity, i.e., actual form.

3.5.3. Process and Multiplicity

In the notion of multiplicity, vitalist process ontology finds the dimension that allows it to think morphogenesis without falling back into an essentialism that proposes a self-identical substance as the ‘motor’ of being. Approaching movement via multiplicity means to conceptualise morphogenesis not on the basis of the *one of being* but rather on the basis of the *many of becoming*.

One very helpful way of understanding multiplicity is offered by Tarde, who develops the perhaps most consequent philosophy of multiplicity. Based on

Leibniz's monadology, Tarde understands every actual phenomenon as a society in a sense that anticipates Whitehead's superject but gives it a Nietzschean twist: every object, every phenomenon is a society of monads temporarily held together by the unstable power-relations among monads. Similar to Nietzsche's ontology based on multiplicities of "will to power," Tarde's is an ontology of affective forces, or, to update the conceptual metaphor, of quanta of affective energy. Latour (2002) reads Tarde's ontology strongly as an ontology of *having* rather than being. There is indeed an ontology of having in Tarde but only in so far as this having is *purely* relational. In fact, it might be legitimate to propose that it is not so much an ontology of having as it is one of participation in the heterogeneous but immanent movement of affect or pathos (greed). Alliez speaks of a constituent power of the socius [*pouvoir constituant du socius*] based on a general associationism. In other words, what one finds here is a notion of multiplicity expressing a 'political' vitalism that understands all things as societies of affects. Every organism is a polis, i.e., social through and through. In fact, they are not even organised in the conventional sense of being established by a molar structure. "[W]hat social things – as living things – strive for above all is to propagate, not to organise" (Tarde, 2001 [1890]: 80). As Tarde explains in the *Monadology*:

"Types are merely brakes, laws only barriers opposing in vain to contain the excess of revolutionary differences, like intestines in which secretly develop the types and laws of tomorrow that will – despite the superimposition of their multiple shackles, despite the synthetic and vital discipline, despite reason, despite the divine mechanics – take over the body, like men taking over the nation by breaking down all barriers and making out of their debris an instrument of superior diversity" (1999 [1893]: 80).

Thus, it's the monads that will always have the last word in ontology. This does not mean that Tarde argues against the reality of form (types, laws) but rather that he understands them as immanent to the relational multiplicity out of which they emerged. This is what *pouvoir constituant du socius* designates: the radical immanence of morphogenesis.

3.5.4. Process and Immanence: Molar and Molecular

The principle of immanence, which according to Deleuze originates in Spinoza, is the principle in which the new vitalism's difference from metaphysics is grounded. It rejects the existence of a higher ontological principle of organisation (whether a transcendental God, Platonic forms or concepts) from which an ontologically posterior or even inferior (phenomenological) reality could emanate. According to Deleuze, there is only the univocity of movement *expressing* itself in multiplicities – but not through emanation of the many (multiplicity) from the one (here: process/relationality) but by perpetual folding, unfolding, refolding of the one *in and as* the many. Thus the new vitalism does not search for access to the noumenon beyond the phenomenal world because it does not assume that there is such a beyond. Instead, the new vitalism sets out to explore what could be called – following Deleuze and Guattari (1987) – the relationship between the molecular and the molar. The distinction between the molecular and the molar is a way of extending the relationality of process thinking to the problem of form. As anticipated in Tarde's monadology or Whitehead's notion of the superject, it allows a new vitalism to think form as immanent to the movement that expresses itself in multiplicity. In order to grasp what is at stake in the distinction between molecular and molar, it is important to note from the outset that it *“has nothing whatsoever to do with scale. Molecular and molar do not correspond to ‘small’ and ‘large’, ‘part’ and ‘whole’, ‘organ’ and ‘organism’, ‘individual’ and ‘society’”* (Massumi, 1992: 54, emphasis in the original). Instead, it should be understood in terms of system of reference. As Deleuze and Guattari emphasise:

“The molar and the molecular are not distinguished by size, scale, or dimension but by the nature of the system of reference envisioned” (1987: 217).

What they refer to as 'system of reference', is the specific mode of organisation or composition among constituent elements. Deleuze and Guattari illustrate the difference between the two organisational perspectives with reference to dichotomies such as sedentary – nomadic, biunivocal – polivocal, linear – rhizo-

matic, striated – smooth, static – process-like, extensive – intensive, divisible – indivisible (1987). What these pairs have in common is that their molar side is always an actualisation that remains immanent to the singular movements of molecular multiplicities. As Brian Massumi puts it: “A molarity remains a multiplicity – only a disciplined one” (1992: 55). Although the molar presents indeed the field of actual power-relations (*pouvoir*-domination) it can never emancipate fully from the molecular flow (*puissance*-creativity) that virtually forms it. It can never become transcendent; never fully escape the multiplicity. A notion of immanence in relation to the vital process thus presupposes what might be called a molecular perspective. It ensures that form remains conceptually immanent to its generative morphogenesis. This in turn renders possible the thinking of the ‘new’ (as in new form): molecular constitution is mobile and relational which is why there is always the potentiality of a newly emerging singularity contesting the ‘discipline’ of the population. This has also come to the fore in Tarde’s monadological perspective. Morphogenetic thinking as it is adopted by neo-vitalism is thus almost inevitably predicated on an ontological primacy of the molecular (Mullarkey, 1997). It is in the molecular mode of organisation that one finds the difference that drives the world of molar form(ation).

The notion of vital process that can be distilled out of this section’s discussion can thus be summarised as follows: the neo-vitalist notion of process can be characterised as a movement of qualitative temporality that proceeds from the virtual to the actual as a creative opening towards novelty (of form). It is driven by the intensity of the virtual which is understood as multiplicity of differences. This virtual multiplicity is one of pure relationality, of difference. Difference as nonessential ontological essence is the perpetual generator of intensity which thus ceaselessly drives the vital process. The molar forms that are constantly actualised should be seen as immanent to the morphogenetic process. They indeed make up an actual multiplicity, i.e., a molarity that is a disciplined molecular multiplicity.

3.6. Lebenssoziologie

The notion of process that has been developed so far is of course located at a highly abstract level of ontology. In order for it to acquire the concreteness necessary to relate it to the notions of economic process and lived social practice that have been central to the previous chapter, it appears apposite to turn to the work of Georg Simmel. Simmel was one of the eminent first generation sociologists in Germany. His sociology is usually seen to be either positivist or Kantian. It seems as though scholars have only recently begun to treat his oeuvre, particularly his later work, as explicitly vitalist (Fitzi, 2002; Lash, 2005). What makes the late Simmel's work so instructive in the present context is that – as Scott Lash has emphasised in a seminal intervention – Simmel's vitalism is a *Lebenssoziologie*, a sociological vitalism. A discussion of his work should thus be helpful in at least two respects: first, it should permit the analysis to manoeuvre the above developed conceptual apparatus of neo-vitalism in more sociological waters. Second, the 'descend' from pure ontology to vitalist sociology should enable the analysis to relate the notion of vital process to the question of organisational transformation that started this chapter. The ultimate goal, however, is to mobilise a neo-vitalist process ontology in order to overcome the conceptual shortcomings of the previous chapter.

Simmel's vitalism is predicated on a notion of the limit [*Grenze*] (cf. Fitzi, 2002). Limit is the modality that creates the specific relation between being and becoming, form and flow that defines life as a morphogenetic process whose forms are at once ephemeral and enduring (1999c). Simmel's definition of life in terms of *Grenze* entertains a certain relation to Bergson's notion of life which was based on the emergence of an interval [*écart*] introducing memory into matter (1988). Bergson's *écart* amounts to a hesitation between action and reaction allowing life to emancipate itself from the mechanism of matter. As life evolves, the *écart* becomes more elaborate, developing into consciousness proper. For Bergson, complex forms of life, such as human life, are characterised by the ability not only to consciously engage with matter (via the faculty of human consciousness that he refers to as intellect), but also to realise the limitations of this engagement by placing itself consciously within the flow of duration (via

the faculty of human consciousness that he refers to as intuition). The pure flow of duration (of qualitative time) is where Bergson locates life. In contrast, Simmel finds life in the confrontation of form and duration. It is not in the pure flow of duration that Simmel locates life but in the very process of becoming and overcoming of form. Thus for Simmel it is not the flow of duration that enlivens matter via the consciousness of the *écart* but a limit [*Grenze*] ceaselessly dislocating itself that marks the process of life. Simmel is of course aware of the process character of life. Similar to Bergson, he defines life as that which transcends the static instant of the present towards past and future. "Life", Simmel says, "is really past and future" (1999c: 221, emphasis in the original). Such a definition of life is profoundly Bergsonian whilst overcoming the psychological tendencies that were present particularly in the early Bergson.²⁶ As one might say, Simmel grounds *durée* firmly within ontology. Life, understood as qualitative temporality cannot be reduced to a psychological phenomenon.²⁷ Indeed, Simmel understands life as comprehensive ontological process. For Simmel, life happens, as it were, in the world, i.e., among the forms of which the world consists. Ergo, he says, these forms must somehow be part of life; they must belong to life as well. Simmel thus includes form in his notion of life by defining the latter as the limit condition of process and form. It is this comprehensiveness of his understanding of life that makes Simmel a proper *morphogeneticist*, a vitalist who understands life as the dynamic immanence of form and process. This immanence of form and process employed within a sociology of life makes Simmel the ideal mediator between ontology and the rather sociological problem of economic transformation.

²⁶ There is a certain ambivalence in Bergson's notion of life. He defines it as that which is intensive while – particularly in his early *Time and Free Will* (1910) – confining this intensity to the realm of consciousness. "In reality," he says, "life is of the psychological order and it is of the essence of the psychical to enfold a confused plurality of interpenetrating terms." Over the course of his oeuvre, however, his notion of duration clearly becomes ontological, whether in the flow of 'image-matter' in *Matter and Memory* (1988) or in his treatment of evolution in *Creative Evolution* (1998). It is interesting to note that Simmel's notion of *durée* in a sense anticipates Deleuze's version of Bergsonism (cf. 1988a).

²⁷ Such a reductive understanding of *durée* was also Einstein's – perhaps understandable – mistake in his debate with Bergson when he concluded that there is "no philosopher's time; there is only psychological time that differs from that of a physicist" (1999: 159).

3.6.1. Process: The Question of sociability [*Geselligkeit*]

In *Grundfragen der Soziologie* Simmel understands society in terms of sociation [*Vergesellschaftung*]. This emphasises the process character of society. In fact, Simmel's foundational argument, brought forward in order to establish the academic [*wissenschaftliche*] discipline of sociology, destroys the possibility of grounding the concept of society in a notion of essential form by defining it in terms of *event*:

"Society is thus indeed not a substance, nothing concrete for itself, but an *event* [*Geschehen*]. It is the function of being affected by and affecting [*Empfangen und Bewirken*] fate as well as the shaping of the one by the other" (1999a: 70).

Such an explicitly vitalist definition of society as event of sociation represents the dynamic foundation of Simmel's sociology. An elaboration of the event-character of society can be found in the chapter on sociability [*Geselligkeit*]. Simmel uses this term in order to designate what he calls the "pure form" of the process of sociation abstracted from its specific content. The notion of sociability, one might say, captures the dynamic principle of sociation. However, it is important to note that the articulation of this dynamic principle takes place in the context of Simmel's attempt to formulate what he refers to as "pure sociology:" his academic project in the chapter on sociability is to reconstruct the pure *form* of sociation as a clearly defined *object* of such a discipline. "[S]ocial formation," he states,

"must surely also be researchable for itself in a particular academic discipline [*arbeitsteilige Wissenschaft*], just like geometrical abstraction explores the pure spatial forms of bodies that are empirically existent only as forms of material content" (ibid.: 82).

When Simmel refers to the form of sociation as the subject of pure sociology, he thus uses form in contradistinction to content *not to process*. The content of sociation lies in the historically present individual characteristics that enter the process of sociation. This content is not life but rather, as Simmel says, the "substance with which life fills itself" (ibid.: 103). That which fills itself with indi-

vidual substance – i.e., life – is what interests Simmel in relation to pure sociology. It is indeed *social life itself* as the dynamic principle that drives the event of sociation. However, it is presented here by Simmel in terms of a sociological form (object) denoted as sociability. It is thus with reference to Simmel's academic project that sociability is conceptually *formalised*, as a sort of "grammar" of sociation that can be distilled out of "the multiplicity of its contents and purposes which in themselves are not yet social" (ibid.: 83). In the final analysis, the academic project obliges Simmel to give stable conceptual *form* to something that in fact he understands as a process of *formation*. Here one finds the motivation for Simmel's attempt to conceptually formalise sociability in his disturbing descriptions of 19th century German etiquette (as in social formalities). Perhaps one could argue that Simmel here illustrates the notion of the limit [*Grenze*] in morphogenesis by way of this unresolved problem in his own thought: the paradox of having to give conceptual form to the process of social formation.²⁸

However, it is both possible and instructive to unearth the dynamic principle of sociation that lies only slightly concealed underneath Simmel's notion of sociability. That sociability as the 'form of sociation' entertains a much stronger relation to process and multiplicity than it does to form is made very clear when Simmel refers to "virtual society" [*eigentliche Gesellschaft*] as

"that with-another, for-another, against-another with which material or individual content and interest – through drive or purpose – experiences formation or facilitation" (1999a: 106).

This defines sociability rather clearly in terms of a process of relational multiplicity. Given that it is Simmel's intent here to define *virtual society* (society in-itself), one might even refer to his understanding of sociation as proceeding

²⁸ This is how Simmel expresses this problem in *Lebensanschauung*, where he explicitly elaborates on problems of conceptualisation: "As I have indicated, intellectual life cannot but display itself through form: in word or deed, in figures or any content in which mental energy actualises itself. However, these formations have already at the very moment they arise a factual self-significance, a solidity and inner logic, with which they oppose the life that created them. Such is the case because life is a restless flow that does not overflow just this or that form but any form because of its being *form*; it is this essential opposition inherent to its being due to which life cannot enter form but has to overcome each accomplished figuration [*Gestaltung*] in search of another on which the play of necessary formation [*Gestaltung*] and the necessary insufficiency of the figuration [*Gestaltung*] as such repeats itself" (1999c: 230-231, emphasis in the original).

from a virtual multiplicity. Sociability as virtual multiplicity is the “with-another, for-another, against-another” that is able to drive the process of sociation because it is an *intensive multiplicity* out of which the forms of an *actual multiplicity* (“material or individual content and interest”) emerge. Thus, if one abstracts the notion of sociability from Simmel’s attempt to satisfy the academic demands of objectivity and formality, it seems to amount to a sociological application of Bergson’s two multiplicities (Ansell Pearson, 2002: 71 and *passim*). Even more important in the present context is that the role that Simmel assigns to sociability in the process of social becoming (sociation) is homologous to the role that was assigned to lived social practice in relation to organisational becoming. Lived social practice, in so far as it has acquired any conceptual contours in the previous chapter, can be designated as that which drives the creative, even poietic process by which organisations as well as their products are brought into being. The problem that the authors in the literature review encountered in their attempts to understand and give form to the process that drives economic production and its organisation are comparable to the problems Simmel encounters in trying to sociologically objectify the intensity of virtual multiplicity. In Simmel, virtual society as intensive multiplicity is ‘packaged’ in a notion of sociability that painstakingly attempts to press into form what in fact is creative process. Similarly, the organisation scholars of the previous chapter attempted to capture with their static conceptual apparatuses the creative process of lived social practice. Their – often original but eventually always reductive – approaches to organisation were efforts to articulate the virtuality of the social as intensive, non-qualitative multiplicity which Simmel already tried to capture in his notion of sociability.

This is indeed a crucial insight for the present analysis. What it means is that by trying to distil the vitalist ‘essence’ out of Simmel’s notion of sociability, one might be able to carve out a more lucid notion of lived social practice. In other words, at the vitalist core of Simmel’s sociability one finds a conceptual precursor of lived social practice. The remainder of this chapter therefore closely observes Simmel’s notion of sociability in order to detect each breaking through of the notion of lived social practice.

3.6.2. *Geselligkeit* and Lived Social Practice

Simmel perhaps most explicitly points at the vitalist essence of sociability when he refers to it in terms of a "*Geselligkeitstrieb*", a sociability drive prior to any particular content or form:

"Beyond their particular contents, all processes of sociation are accompanied by a gratifying sensation [*von einem Gefühl dafür, von einer Befriedigung daran*] of being sociated [*vergesellschaftet*] for the value of sociation as such. It is a drive [*Trieb*] pushing for this form of existence and sometimes being the single source generating the actual contents that sustain a particular sociation" (ibid.: 106-107).

In the *Geselligkeitstrieb* one encounters the equivalent of Tarde's monads unfolding their appetite for being at the dimension of sociation: quanta of affective energy joining in the creative process of becoming society. This is what Scott Lash seems to have in mind as well when he defines Simmel's sociology as *Lebenssoziologie*. "At stake is", as Lash puts it, "an intersubjective pulsion: a primary or even primordial intersubjectivity" (2005: 10). And indeed Simmel defines social form in relation to sociability as "mutual determination, interplay [*Wechselwirkung*] of the elements, through which they thus form a unit" (1999a: 107). Sociability here presents itself as an immanent process of interplay that is literally an 'exchange-effect' of the social multiplicity. This is precisely what the last chapter tried to articulate with its references to lived social practice: a creation that occurs in the interstices of individual practice. The sociable [*gesellige*] multiplicity of lived social practice is not one of individuals. Rather, what enter into the "intersubjective pulsion" of which Lash is speaking are multiplicities as well: virtual molecularities whose actual molar forms will emerge in the process. As Simmel elaborates:

"The human being as a whole is still an, as it were, unformed complex of contents, forces, possibilities and according to the motivations and relations of the varying being-there [*des wechselnden Daseins*], it emerges out of it as a differentiated, delimited entity" (1999a: 109).

This indicates once more an understanding of sociation in terms of virtual multiplicity generating actual multiplicity. What is at play here is a molecular dynamic that drives the vital process of sociation. Thus Simmel's sociability is constituted by multiplicity without *actual* content, i.e., a virtual multiplicity of molecular intensities. Lash here refers to social life in terms of an "intersubjective substance" (2005: 11). Intersubjective substance, however, is by no means the Simmelian equivalent of the mystical substance of traditional vitalism. Instead, it is multiplicity, i.e., the relational *Wechselwirkung*, the interplay of social difference that drives morphogenesis: lived social practice. Inter-subjectivity should also be understood in contradistinction to subjectivity. Sociability as vital principle is defined exclusively by the "abilities, stimuli, interest of pure humanness" (Simmel, 1999b: 110). One should not be put off here by Simmel's early 20th century terminology. "Pure humanness" marks something akin to the 'relational essence' of social life. It is the crucial principle of sociation in so far as it has been defined in terms of process and virtual, intensive multiplicity. It is not meant to identify eternal human essence. Instead, "pure humanness" articulates the elements – "abilities, stimuli, interests" – of human subjectivity that enter sociation as lived social practice. "Pure humanness" is inter-subjectivity as explicit non- or sub-subjectivity: it denotes those vital energies that penetrate the body "beyond all actual significance of subjective identity [*Persönlichkeit*]" (ibid.). It is for this reason that Simmel refers to human being as relational entity *sui generis*, as a "*in keiner anderen Beziehung so vorkommendes Gebilde*" (ibid.).²⁹ This is to say that life enters the social multiplicity itself as a multiplicity. Intersubjective human being drives sociation by generating what might indeed be called its particular, i.e., social, 'form' of life: sociability in so far as it is that which the previous chapter tried to capture in the notion of lived social practice. It is in the intensity of sociability as lived social practice that Simmel locates the vital principle of sociation. In doing so, Simmel not only anticipates Whitehead's notion of the superject but also extends it into the dimension of the social. With Simmel one can begin to understand that the multiplicity that converges in lived social practice – or, perhaps better: *as* lived social practice – is a

²⁹ I.e., "an entity of a kind that does not exist in any other relation."

social superject that, although it is mediated through human subjectivity, is not fully determined by it. The concrescent superject of lived social practice is both *more and less* than the sum of its parts: *more* because the excess of life emerging in the process of concrescence; *less* because its parts are *dividual superjects* that enter lived social practice only in so far as they are vital intensities. They pass through individual superjects in order to converge onto the social superject of lived social practice. Such a strong notion of social molecularity locates the notion of lived social practice in close proximity to Tarde's panvitalism. However, whereas Tarde emphasises the *sociality of life*, what is at stake in Simmel's *Lebenssoziologie* is the *vitality of the social*. As Lash puts it:

"Simmel addresses life in terms of *social life*. This is the originality of *his* vitalism. For other vitalists, relations between things or between subjects and things are primary. Relations of perception are primary. For Simmel life is already social. For Simmel social life is literally *social life*" (Lash, 2005: 10, emphasis in the original).

3.6.3. Form and Morphogenesis

Although the notion of sociability understood in terms of lived social practice is absolutely crucial for Simmel's *Lebenssoziologie*, it provides only one dimension of social life – one could perhaps say that it amounts to merely half of Simmelian life. As has been mentioned at the beginning of the discussion, the specificity of Simmel's concept of life is marked by the notion of limit [*Grenze*]. The limit runs through sociation as vital process in so far as it entails the perpetual becoming and overcoming of form. Simmel's notion of life as limit thus *includes* form immediately within the vital process. It is his ability to think form and process together within a dynamic concept of life that makes Simmel a morphogenetic vitalist *sui generis*. It is the specifically morphogenetic character of Simmel's social vitalism that this section turns to.

In *The Conflict of Modern Culture* (1999b) Simmel elaborates sociation before the horizon of historical time, i.e., in terms of the process of cultural history. Culture is understood here in the sense of forms of sociation. Simmel's understanding of the process of cultural history involves the notion of cultural form as si-

multaneously ephemeral and enduring, as perpetually shifting yet powerful articulations of life itself. Simmel illustrates his notion of morphogenesis with reference to Marx whom he credits with the discovery of the morphogenetic character of history. Marx understood history as a succession of modes of production. What makes such a notion of historical process interesting for Simmel is that each time a mode of production was *formed* (*Kulturform*), it was immediately contested and eventually overthrown by those “energies whose nature and proportions could not find adequate scope” in their respective mode of production (ibid.: 185).³⁰ However, as Simmel emphasises,

“a mode of production has, as a form, no inherent energy to oust a different mode. It is life itself (in this case in its economic aspect) with its impetus and dynamism, its transformation and differentiation, which provides the driving force behind the entire process, but which, being itself formless, can only manifest itself as a phenomenon by being given form. However, it is the essence of form to lay claim, the moment it is established, to a more than momentary validity not governed by the pulse of life. ... That is why there is from the very outset a latent tension between these forms and life, which subsequently erupts in various areas of our lives and activity” (ibid.)

This clearly articulates the paradoxical relation between form and process and brings them together in an explicitly morphogenetic understanding of historical sociation. Simmel’s aim in relation to Marx is now to switch from an economist notion of morphogenesis in the sense of successive modes of production to a notion of morphogenesis of successive forms of life. Simmel thus takes seriously the movement of history observed by Marx but wants to open the economic notion of *production* onto a notion of creative *life*. He turns to this project particularly in his *Lebensanschauung* (1999c). Cultural forms, i.e., the institutions that organise sociation, are not for Simmel ontological givens but immanent properties of the vital process of sociation. Although Simmel understands socia-

³⁰ Simmel is here, once more, very close to Tarde who in his *Monadologie et Sociologie* writes: “Types are merely brakes, laws only barriers opposing in vain to contain the excess of revolutionary differences, like intestines in which secretly develop the types and laws of tomorrow that will – despite the superimposition of their multiple shackles, despite the synthetic and vital discipline, despite reason, despite the divine mechanics – take over the body, like men taking over the nation by breaking down all barriers and making out of their debris an instrument of superior diversity” (1999: 80).

tion in terms of objectification (Lash, 2005), social forms, as indeed all forms, are not constituted *a priori*. Instead, they emerge through what Simmel refers to as inward flexion [*Achsendrehung*] of the vital process itself. Inward flexion means that although the emergent forms are immanent to the process, their objectification entails their relative emancipation from process. Form can become dominant vis-à-vis the vital process out of which it emerged. It is here that one has to locate the important difference of Simmel's notion of life from Bergson's (cf. Fitzi, 2002). Bergson tends to understand forms as illusions of the intellect, illusions that are useful for our utilitarian engagement with the world but illusions nonetheless. Form is produced by what he refers to in *Creative Evolution* as the "cinematographic character" of the intellect (Bergson, 1998: 304-316 and *passim*) that tries in vain to reconstruct real duration out of forms that are the product of imagination.³¹ In contrast, Simmel understands form as an immanent property of the vital process itself. Simmel's forms are granted ontological status in so far as they can autonomously intervene in the flow of life. Forms are ontologically real and powerful. This is the reason for Lash's (2005) insistence on characterising the Simmelian vital process not in terms of smooth *flow* but as conflictual, intrinsically struggling *flux*. Simmelian flux, however, also seems to go beyond Deleuze's molecular vitalism. For Simmel, life is not "pure immanence" but "immanent transcendence" (1999b: 223), i.e., a perpetual "*Übergreifen über sich selbst*" (encroachment beyond itself) that he marks as the "urphenomenon of life" (1999b: 223-224). Life's pure immanence is thus adulterated by its own inward flexion which is immanent to what now has to be defined as vital flux:

"[I]t is at once stable and variable, moulded and evolving, formed and breaking through form, persisting and hastening further, bound and free, circulating within subjectivity and objectively standing above itself – all these contradictions are merely refractions of this metaphysical fact: that it is its innermost essence to transcend itself, to fix its limits by surmounting them and thus indeed itself" (ibid.: 224).

This is perhaps the most literal *morphogenetic* definition of the vital process because it explicitly includes form as ontologically real. If Simmel's notion of life

³¹ For Simmel's own brilliant review of Bergson's oeuvre see his "Henri Bergson" (2000).

seems to oscillate between limitless continuity on the one side and individual form on the other, it is because what defines life is the “absolute *unity* of both” (1999b: 229, emphasis in the original). Simmel specifies his notion of self-transcendence by taking recourse to a dual definition of life, which, however, remains immanent to the vital process: life as “more-life” [*Mehr-Leben*] and “more-than-life” [*Mehr-als-Leben*]. More-life is pure movement, permanently absorbing whatever necessary to fuel its process of expansion. Simultaneously, however, life includes a “transvital determination” (Fitzi, 2002: 280) of more-than-life which nevertheless is created by life itself.

3.7. Process, Form and the Question of Vital Organising

It is now time to return to the issue of process and form in contemporary organisation that opened this chapter. Simmel’s notion of social life as explicitly morphogenetic flux offers a rich perspective from which to approach the transformation of contemporary economic organisation. The question of organisational process versus organisational form indeed lends itself to being framed in terms of the conflict at the limit of life, the conflict between more-life and more-than-life. The becoming more process-like of organisation that Deleuze conceptualises in his intervention discussed above could be understood as an overcoming of transvital form (more-than-life) by the creative flow of lived social practice (more-life). However, the discussion in the literature review suggests that this is not exactly what is happening in contemporary economic organisation. Rather, it seems as though the transvital form has itself begun to engage in a process that strangely ‘overwinds’ the Simmelian *Achsendrehung* by continuing its inward flexion until it joins the flow of life again. The transvital determination appears to literally *lose its form* in the process of *Achsenüberdrehung* or – to coin a rather clumsy neologism – *overflexion*. *Overflexion* can be understood in terms of the inward flexion of life ‘flexing beyond form’. This flexion continues until it does not go *against* life anymore but *along with it*. This might imply that to an extent form loses its *transvital* character, becoming more vital instead. It is again Lash who offers an interesting lead in this respect. “Simmelian vitalism,” he formulates, “proffers the self as self-organizing form: that is a form

that deals with its own flux" (Lash, 2005: 7). In the light of the above discussion of superject and multiplicity, it might be possible and instructive to reformulate Lash's dictum by saying that the vitalist *overflexion* produces a form capable of *reflexion*, i.e., capable of realising that it is itself an immanent formation within the process of life.

In relation to economic organisation, vitalist *overflexion* pushes the transvital determination literally toward self-organisation. This push has three dimensions: 1. freeing the process of lived social practice from a mechanistic confinement by, 2. trying to take into account the molecular nature of the creative multiplicity; a strategy whose success depends on, 3. the organisation's becoming more immanent to the process of lived social practice.

The present analysis proposes to understand this shift in terms of contemporary organisation tending toward *vital organising*. *Vital organising* signifies a mode of organisation that generates and acts on the realisation that its transvital form (more-than-life as organisational structure) is nevertheless fed by the vital process. For organisations whose operative logic is capitalist, such a realisation amounts to a revelation: the *raison d'être* of capitalist organisations is growth and now these organisations develop awareness for their being built into *excess per se*, i.e., into the process of lived social practice. The historico-ontological problem of capitalist organisation that contemporary organisation attempts to overcome is its transvitality which causes organisation to work against the flow of life. Capitalist transvitality expressed itself in the Euclidean structures of mechanistic organising: here, life was imprisoned – moulded as Deleuze says – in order to be then *mechanistically* fed into processes of valorisation. Organisational *overflexion* represents an attempt to overcome the inefficient mechanistic character of life's appropriation. *Overflexion* means turning form (organisation) *toward* life. It means *vital organising* in the Lashian sense of form dealing with its own flux: in *vital organising*, *morphé* not only takes seriously its *genesis* but is also capable of turning form itself onto the vital process out of which it emerges. This shift (*overflexion*) is driven by the insight that *modulation* might be a much more efficient manner of formation than *moulding* (cf. Deleuze, 1995). The fact that the turn to *vital organising* happens today is of course also related to the

state of socio-technological development. Some of the ways in which economic organisations attempt to *overflex* themselves have been alluded to in the previous chapter. In a more concrete manner, this question is a central issue in the empirical investigation below. The important argument to be brought forward here is that the transformation of economic organisation that has been discussed in the previous chapter can be understood in terms of a shift toward *vital organising*. A crucial insight that Simmel's *Lebenssoziologie* offers to such an interpretation is that *vital organising* does not necessarily entail the overcoming of form by process but rather the *overflexion* of form, the flattening of the *transvital* determination onto the creative process of lived social practice.

3.8. Conclusion

The central conceptual achievement of this chapter is the notion of *vital organising* that turns the opposition between form and process which provided the chapter's initial conceptual frame into the dynamic principle of the flux of life. It is the result of an elaboration of a neo-vitalist process ontology that allowed for a deeper understanding of the dynamics that seem to be at play in the transformations the previous chapter observed with regard to economic organisation. Simmel's vitalist sociology then confirmed the initial process-hypothesis by proffering in the concept of sociability a dynamic principle of sociation that anticipated the notion of lived social practice. However, Simmel's *Lebenssoziologie* carried the analysis even further: it allowed for the introduction of the notion of *vital organising* as a manner of socio-ontologically accounting for the transformation processes characteristic of contemporary organisation by understanding organisation in terms of an *overflexion* of capitalist transvitality that flattens form onto the flow of lived social practice thus rendering the practice of *organising* (more) *vital*.

The following chapter continues the analysis of *vital organising* but considers the question from the perspective of a theory of capitalism. The application of Simmel's *Lebenssoziologie* to the problem of organisation in the final section of this chapter has already brought the issue of capitalism to the surface. However, a proper engagement with this question requires an analysis in its own

right, i.e., a problematisation of morphogenesis within a theory of capitalism. This is what the following chapter provides.

4. Capitalism as Ontological Problem: Real Subsumption and Morphopoiesis

4.1. Introduction

As has been argued in the previous chapter, process-ontology is closely linked to an understanding of time as qualitative movement. Time in terms of process is qualitative because it is creative. It is different from the Newtonian idea of time as an empty repository through which objects move. The concept of time that process-ontology is based upon differs qualitatively from clock-time in so far as it does not try to reduce the creative process of time to a spatial movement from instant to instant.

Such a theory of time as qualitative process can be found in the work of the Italian philosopher Antonio Negri. In *Time for Revolution* (Negri, 2003), the text around which the present chapter is organised, Negri develops his notion of time in relation to contemporary capitalism. He understands contemporary capitalism in terms of real subsumption, i.e., as capital's full penetration of and its becoming operative within the process by which social life (re)creates itself. This chapter argues that such an approach to contemporary capitalism is predicated on a notion of ontological process that is related to morphogenesis but conceptualised in terms of *morphopoiesis*. Ontological process is understood here in terms of a temporality that does not simply emerge (*genesis*) but has to be socially produced (*poiesis*).

The engagement with Negri's thought enables the analysis to productively link the notion of vital organising to current speculations in Marxist theory about a new logic of contemporary capitalism expressed in the notion of real subsumption. However, before such a connection can be made, it is necessary to expound the principles of Negri's theory of capitalist temporality. This is the task of section 4.2. As a result of this discussion, the notion of *morphopoiesis* emerges, articulating the socio-temporality that defines Negri's idea of process. Section 4.3. provides an intermezzo examining the notion of *poiesis*. This enables the analysis to put the notion of *morphopoiesis* on a firmer conceptual footing by drawing on a wider range of relevant literature. The final section 4.4. returns to Negri's more recent work, addressing what he refers to as 'capitalism's onto-

logical turn' in order to eventually articulate a relation between morphopoietic capitalism and vital organising.

4.2. Structuring Time: Time for Revolution

Time for Revolution (Negri, 2003), brings together two essays on time which may indeed constitute the most authoritative materialist statement on temporality and capitalism advanced with regard to the present era. The first essay, "The Constitution of Time" (2003: 21-135), appeared originally as the last chapter of the collection of essays *Macchina Tempo* (1982). Here, Negri presents the main principles of his theory of time which is specific to the moment in the development of capitalism that Negri refers to as *real subsumption*. In Marx, the term real subsumption denotes capital's increasing tendency to bring all social relations under its command, i.e., under the rule of exchange value. What makes Negri's use of Marx's concept so fascinating is that he links this tendency of capital and its implications to the question of time. Real subsumption, Negri argues, can only be understood as a temporalisation of the organisation of capital itself. This section therefore attempts to elucidate Negri's analytical apparatus in so far as it enables him to theorise capital's occupation of time in the notion of real subsumption. Although the analytical focus is "The Constitution of Time", it will be necessary to draw on a wide range of Negri's writings in order to get a good grip on the conceptual apparatus.

4.2.1. The Constitution of Time:

Law of Value, Displacement, Theory of Power

The first step on the way to such a notion of process is to develop a good understanding of Negri's analytical apparatus. Three aspects appear to be crucial in this respect:

> the *law of value* as a dynamic cartography of the historical process of capitalism up to the moment of real subsumption;

> *displacement* as a methodology that accounts for the creativity of the process by readjusting the theoretical cartography to crucial synchronic transformations in the process;

> a *theory of power* that grounds the process methodology within a constitutive and dynamic ontology.

These are, as one might say, the operational principles that determine the construction and movement of Negri's theory of time. The first half of this chapter is therefore assigned to their discussion.

4.2.1.1. Law of Value

In the law of value Marx searches for the solution to what appears to be the miracle of capitalism: how can value be created given that capitalism presents itself as a system based on the exchange of equivalences on the market? How can it be, Marx asks, that the exchange of equivalences can lead to growth, to the creation of surplus value? As Marx demonstrates, the answer lies in the 'magical commodity' that is labour-power because it costs the capitalist less than the value it produces. Surplus value is extracted from the worker by paying her only the cost of her reproduction but not the actual worth of her full-day of labour power. Marx differentiates between absolute and relative surplus value. The amount of absolute surplus value extracted depends on the length of the working day, while relative surplus value is attained through lowering the cost of labour-power (by cheapening the means of subsistence) and/or increasing the productivity of labour (by intensifying the rate of production and/or technological progress). Both forms of value are thus determined outside the sphere of circulation/exchange-value, i.e., by social variables such as intensity of class struggle or level of technological development. This is what Marx refers to when he states:

“The various proportions in which different kinds of labour are reduced to simple labour as their unit of measurement are established by a process that goes on behind the backs of the producers” (1976: 135).

The problem that Negri highlights in the law of value resides in its logical directionality. Time determines the value of a commodity by measuring the temporal units (of labour) that went into it (the days, hours, minutes, etc. objectified in the commodity). By positing time-as-measure in such a manner, Marx reproduces the capitalist homogenisation of the time of living, qualitative labour. Only that can be measured quantitatively which is homogenous in the first place. Thus when Negri criticises the theory of value for understanding time as being “at once *measure* and *matter, form* and *substance*” (2003: 24), his central reproach is that measure and form are taken to be productive of matter and substance. Capital is allowed to analytically create ‘in its own image’ the living forces that drive it. Elsewhere, Negri had referred to this problem in terms of capital’s *univocity* ([1977] 2005: 180 – 230), i.e., the reduction of being to something that is “defined and qualified solely as an attribute of capital and its reflection” (ibid.: 235).³²

One might ask, of course, why Negri does not simply abandon the law of value if it is so obviously ideological. The answer is that it is *not just* that. In fact, as Negri had already shown in his reading of the *Grundrisse* (1991a), the law of value is the *dynamic centre* of Marx’s theory of capitalism, articulating the ongoing struggle between two tendencies: the transcendental analytic of univocal capital (ideology) and the constitutive immanence of living labour. While formally sustaining the smooth theoretical movement of the doctrinal, analytical perspective of capital’s univocity, the law of value also entails a counter-current that produces blocks in the flow of the analytic. These blocks form the central

³² In their *Anti-Oedipus*, Deleuze and Guattari (1993: 10) address capital’s univocity in terms of its capacity to “miraculate”, i.e. to make “[f]orces and agents [appear] to represent a miraculous form of its own power”. As the authors explain, capital presents itself as production’s divine presupposition: “It falls back on (*il se rabat sur*) all production, constituting a surface over which the forces and agents of production are distributed, thereby appropriating for itself all surplus production and arrogating to itself both the whole and the parts of the process, which now seem to emanate from it as a quasi cause” (ibid.).

aporias that Negri exposes at the beginning of the “Constitution of Time”. They emerge due to

“the insurmountable theoretical difficulty [that] consists in the impossibility of loading or making homologous a reversible, equivalent temporal unit with substantive qualitative multipliers” (2003: 25).

More concretely, there are three *aporias*, indexing the respective practical resistance of *production*, *co-operation*, and *constitution* to their logical reduction to exchange. That which is creative will always resist its complete subsumption into that which merely measures. What Negri demonstrates with reference to the law of value is the utility of a dynamic map through which the transformations of capitalism can be traced. The law of value exposes capital’s drive to subsume that which unceasingly rebels against it. It seems that through this abstract cartography Marx was able to formulate his almost prophetic thesis regarding real subsumption (Marx, 1976: 975-1060). Negri’s project in “The Constitution of Time” consists in extending the dynamic of this map beyond its historical limits by exploring the trajectories of the *aporias* after capital has reached the stage of real subsumption. As he realises, under conditions of real subsumption the *aporias* are transformed into tautology:

“Real subsumption means the complete realisation of the law of value. At first glance, *indifference* rules in real subsumption. Labour is quality, time is quantity; in real subsumption, quality falls away, so all labour is reduced to mere quantity, to time. Before us we have only quantities of time. Use-value, which in *Capital* was still given as separate from, and irreducible to, value *tout court*, is here absorbed by capital. The *aporia* consists in the fact that since time has become entirely hegemonic over the process, in so far as it is the only measure, it also reveals itself as its only substance. But this complete superimposition of measure and substance denies any dialectical significance to the relationship, reducing it therefore to pure and simple tautology” (1999: 27, emphasis in the original).

This quote is perhaps as important as it is confusing. It seems as though Negri wants to equate capital’s reduction of use-value (quality of living labour) to units of measure with the hegemony of time. It has to be stressed, however, that

the notion of time applied here has nothing at all to do with qualitative process. Rather, it is emphatically “time-as-measure”, i.e., capital’s very instrument of the reduction of qualitative process (living labour, use-value). It is in this sense that Negri refers to a becoming hegemonic of time “in so far as it is only measure”.

The law of value is the law of exploitation. The fact that in “The Constitution of Time” Negri chooses “time-as-measure” as the medium through which exploitation is organised is interesting also in so far as in his previous writing, he used to articulate the exploitative, antagonistic relationship between labour and capital through the medium of money rather than time. “Money”, he emphasises in his study of the *Grundrisse*,

“has the advantage of presenting me immediately the lurid face of the social relation of value; it shows me the value right away as exchange, commanded and organised for exploitation [sic]” (1991a: 23).

What is the role of money in this relationship of exploitation and antagonism? As Negri stresses, money is the medium that organises the encounter between labour and capital. To begin with, money is *measure*, a means of *quantifying* the living labour expended in the process of producing a particular commodity. And it does so by throwing a *metric* web over that which creates and produces. Living labour in all its heterogeneity is thus homogenised, reduced to units of productive labour. It is in the form of money that labour becomes the *general equivalent* through which it enters the smooth plane of market-exchange.

This might help to clarify Negri’s reference to time in “The Constitution of Time”: the specific time that money refers to is time as a measure of abstract labour-power. In the law of value, “time” is thus merely the *name of the measure* that reduces living labour to units of productive labour. This is the “time” that is expressed in money. If one were to assign a reality to this time, it would be that of Newtonian time. Newtonian time is clock-time, time that can be measured by being broken up into a succession of spatial intervals.

What Negri’s redrafted map of the law of value thus attempts to express – perhaps in a slightly roundabout way – is that from the perspective of capital, the

society of real subsumption is a flow of tautological time. Negri's new map entails two major propositions presented as an intensive and an extensive form of the tautology. Intensively, it proposes the collapse of measure into substance, articulating the absolute impossibility of maintaining the univocity of capital by means other than command. Extensively, it proposes the hegemony of this tautological time of command over the entire process of life, articulating the radical socialisation of production. Taken together, the extensive and intensive forms of the tautology lead Negri to formulate the notion of an ontological turn of capitalism that will be explored in section 4.4. of this chapter.

4.2.1.2. Displacement

The project of "The Constitution of Time" seems to consist in the articulation of a collapse of "time" as the name of measure into the dimension of temporality proper. This argument can be supported by turning once again to Negri's seminal discussion of the *Grundrisse* where money and value are discussed at length. Here the only *substantial* reference to time is made in relation to Communism, understood as "the negation of all measure, the affirmation of the most exasperated plurality - creativity" (1991a: 33). Overcoming capitalism entails a shift from space to time - a time that confirms the creativity of living labour. The problem is that instead of a communist revolution overcoming capital's spatialisation, capital has itself found a way to overcome its spatialisation in real subsumption. In the words of Paolo Virno real subsumption "has given life to a sort of paradoxical 'communism of capital'" (Virno, 2004: 111). Capital has overcome the problem of spatialisation as expressed in the aporias of the law of value. It is this shift that Negri refers to in the "*first displacement*": capital's move into more temporal, dynamic forms of existence is articulated in a displacement of the aporias of the theory of value onto the dimension of time.

Displacement is the name of the method that endows Negri's analytical apparatus with the necessary *dynamis*. In *Marx beyond Marx* (1991a), Negri had introduced the notion of displacement as methodological intensification in relation to two crucial principles of Marx's methodology: determinate abstraction and

tendency.³³ Both notions are crucial in terms of Negri's notion of process and will have to be briefly discussed before returning to displacement itself.

Determinate abstraction. Determinate abstraction refers to Marx's practiced critique of conceptual stasis (ideology) that consisted of moving from the abstract to the concrete thus escaping the fixation of thought within the actuality of its existence. In the *Grundrisse*, Marx distinguishes between general and determinate abstraction. General abstraction refers to an abstraction from concrete forms of social practice in order to be able to concentrate on an element that is common throughout a variety of phenomena. Marx's example here is "production in general" as a concept that abstracts from the specificities of the concrete socio-historical reality of production(s). As Marx shows, such an approach becomes problematic as soon as general abstractions are granted trans-historical validity. This is the charge that Marx levels against bourgeois economics: concepts are abstracted from forms of contemporary practice and then extrapolated into a realm of eternal truth. The present is essentialised, thought arrested within the limits of those forms of existence that it encounters in the actuality of its historical conjuncture. In the case of bourgeois economics, this amounts to an eternalisation of production, labour, value, etc. in the form they take under conditions of capitalism.

Against such a methodological fetishisation of capitalist actuality Marx proposes the method of determinate abstraction which is a movement starting from the simple and abstract in order to arrive at the complex and concrete. In Marx's words, this is "the scientifically correct method" as it takes "the concrete as concrete because it is the concentration of many determinations, hence unity of the diverse" (Marx, 1973: 100-101). What needs to be stressed is the mobility that Negri finds in Marx's methodology. By going from the abstract to the concrete, concepts are set in motion allowing Marx (and through him Negri) to understand the concrete as "concentration of many determinations" (ibid.), as an ac-

³³ There is a very important third principle that Negri mentions: the "truth in practice". This principle, however, largely corresponds to the ontological grounding to be discussed in the next section. Its discussion has been omitted here in order to not confuse the argument.

tual formation – one might as well say multiplicity – whose determinations are profoundly process-like. The mobility of thought doubtlessly derives from Hegel but Marx explicitly contrasts his method of determinate abstraction to Hegel's idealism.³⁴

Tendency. The method of the tendency refers to an attempt to critically identify certain potentialities of an actual social formation on the basis of determinate abstraction by opening the analysis of actual existence in such a way that it “permits a reading of the present in the light of the future, in order to make projects to illuminate the future” (1991a: 49). Negri demonstrates this approach in relation to Marx's theory of money. Throughout the cycle of capital, money acts as abstract expression of wage labour. As the form of exchange value, it presents itself as that which is productive, as the creator of wealth. This is possible as soon as wage labour has become the dominant relation throughout the productive process which equally means that productive activity has been alienated from itself through the intervention of the medium of money to the extent that money and labour are now truly equivalent. According to Negri, the tendency reveals itself as follows:

“But if money presents itself as productive function, then the abstract totality of the existence of money must be articulated in a radical way with the development of the capitalist mode of production. This totality has to emancipate itself gradually from its functions of general measure and mediation of market exchange, and its productive role must now be founded upon a totality of homogeneous, compact and existing social labour. Money must no longer operate as a function of the mediation between costs of production and the general value of social labour. It must become solely and directly a general function of social production, the means of reproduction of the wage-labour relation in an extended, global dimension. The productive role of money leaves its imprint on the capitalist mode of production in the form of a furious will to liberate itself from its office of mediation in exchange, taking on its true capacity of domination over wage labour outside and beyond the petty transactions of the marketplace and within the dimension of a general sociality whose call money, from the very beginning of capitalist history, has always heeded” (2005: 4).

³⁴ “... Hegel fell into the illusion of conceiving the real as the product of thought concentrating itself, probing its own depths, and unfolding itself out of itself, by itself whereas the method of rising from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces it as the concrete in the mind” (Marx, 1973: 101).

However, historical tendencies do not last for ever; they exhaust themselves, and this must be articulated in recurring displacements of the theoretical apparatus. Displacement, for Negri, is the necessary theoretical practice that takes into account the “*materialist discontinuity of real processes*” (1991a: 44). Perhaps the above discussion of the relation of time-as-measure and money in the law of value loses some of its obscurity if one realises that “The Constitution of Time” represents Negri’s attempt to *displace* the (just cited) tendency of money onto the dimension of time.

The notion of displacement thus brings together two important dynamic principles. Negri refers to the “capacity to grasp a concept in order to explode it, to *displace* the analysis each time onto a new indeterminate terrain constituted such that it can be redefined, characterised” (1991a: 13, emphasis added). One cannot help but recognise in Negri’s insistence on methodological mobility a certain proximity to the process-ontology that has been discussed in the previous chapter. Indeed, what Negri demands is the becoming co-evolutionary – what else could it mean for the knowledge one has of the historical horizon to possess “the vivacity and the passion of the struggle” – of theoretical and historical practice. However, what has been discussed so far are merely methodological aspects – although very important ones – of Negri’s time machine. It is now time to consider their ontological grounding in order to complete the rough sketch of Negri’s notion of process.

4.2.1.3. Theory of Power

The ontological foundation of Negri’s theory of time is developed primarily in his work on Spinoza (1991b). What Negri stresses in his study of Spinoza is the relation between two different forms of power: *potestas*, the linear power of domination and command versus *potentia*, the non-linear power of creation.³⁵ The *Savage Anomaly* traces this relationship throughout the movement of

³⁵ The original title of Negri’s first book on Spinoza is *L'anomalia selvaggia: Saggio su potere e potenza in Baruch Spinoza* (The savage anomaly: An essay on Power and power in Baruch Spinoza).

Spinoza's thought, which, according to Negri, rests on two foundations. Negri localises the first foundation in Spinoza's early writings up to the second part of the *Ethics*. Central here is the development of being's radical immanence. God is eternal essence from which everything emanates. God's essence, however, is identical with his power. Being is thus immanent (essence = power) but nevertheless emanates from God. Being proceeds from substance to the modes, from the one to the multiple. Although such an emanationism seems to imply a rather explicit ontological hierarchy, Spinoza attempts to deny this by flattening it into what Negri refers to as the "Spinozian utopia". Potestas is conflated into a utopian horizon of potentia, reduced to a mere illusion. In the realm of Spinozian metaphysics, potestas simply *cannot* exist. As Negri argues, the first foundation of Spinozian metaphysics largely reflects the dominant Neoplatonic idealism of the late Renaissance of the Dutch *Goude Eeuw*. It might be here that one finds an inspiration for Negri's reference to the 'univocity of capital': Spinoza's utopia is the utopia of linearity and equilibrium that one might say emanates from the capitalist market.

The second foundation abandons the idealist-utopian ontology of power in order to turn toward a 'materialist metaphysics', i.e., a genuine ontology of bodies and surfaces that in the first instance interrupts all transcendence, hierarchy, emanation, degradation, etc., in the movement of being in order to then progressively "lead philosophy to immerse itself in being" (ibid.: 145). *It is in this immersion of philosophy in being that one encounters the constructive moment of the second foundation.* It effectively inverts the ontological movement of the first foundation by proceeding from the modes (affections of substance) towards substance. Negri's discussion takes its lead from the latter part of Spinoza's *Ethics*, where one witnesses the gradual formation of a *new plane of being*, one that seems to anticipate the vitalist notion of multiplicity. In a manner similar to Nietzsche or Tarde (cf. sections 3.4.1.; 3.4.2.), potentia is understood as the power to affect and be affected. And it is through the discussion of affect that the constitutive multiplicity emerges, collapsing the ontological distance between modes and substance. What results is an ontology that is even flatter than Gilles Deleuze's for whom Spinoza's "*immanence* signifies first of all the

univocity of the attributes" (1988c: 52, emphasis in the original). In Negri's Spinoza, even the mediating layer (between substance and modes) of consciousness inherent to the attributes is destroyed. The collective modes of being begin to form the process-substance that constitutes being. "[F]inally, the process overflows" (1991b: 154), washing away the remnants of the first foundation's idealist utopia and giving rise to a flat being of *constitutive* potentia. By destroying the attributes, the backdoor through which a primacy of thought (transcendental command of the idea) over *praxis* could get back into philosophy is walled up. Spinoza's ontology remains immanent (as it was in the first foundation) but is now *materialistically* constituted as the ongoing reconstruction of the world. Potentia has become the immanent self-expression of being in the *praxis* of the multiplicity. A veritable immersion of philosophy within being. Negri does of course relate the fundamental Spinozian conflict between emanation and constitution to the social dynamics in the Low Countries, i.e., to the emerging crisis toward the end of the Dutch hegemony over the world economy. Indeed the polarity of Spinoza's ontology does to an extent articulate the historical conjuncture at which the market ideology of linear progress/equilibrium of the Dutch *Goude Eeuw* exposes its limits, clashing openly with the creative spontaneity of the material forces of production. Potestas versus potentia: the real antagonism reveals itself in the crisis of the 'Dutch anomaly'. However, Spinoza does not allow this crisis to absorb the movement of being.³⁶ Rather, "[t]he space of the crisis is [understood as] the ontological condition of a project of transformation" (ibid.: 212). In other words, crisis is absorbed within the horizon of ontological constitution.

It would be wrong, Negri goes on to argue, to try and dissolve the polarity between potestas and potentia within a dialectical process. "The dialectic", Negri says, "has no place in Spinoza, because the constitutive process of the ontology does not know negativity if not in the form of the paradox and of the theoretical revolution" (ibid.: 213). Instead of dialectic and crisis, Negri presents the philosophical 'solution' as a dislocation of the 'operative terrain' of Spinoza's phi-

³⁶ Negri contrasts Spinoza here with Wittgenstein and Heidegger who for him are pronounced thinkers of crisis.

losophy in such a way that *potentia* is enabled to unfold as constitutive multiplicity. This is precisely the immersion of philosophy in being that has been quoted above: a careful but nevertheless violent dislocation of metaphysics onto the flat plane of the *constitutive sociality of being*. In a sense, it presents a collapse of metaphysics into politics but actualised as a passage that constructs a new ontologico-political field. Negri also refers to it as a “constructive excavation of being” (ibid.: 150). What eventually emerges from this excavation is the figure of the *multitude*. In the multitude, the constitutive multiplicity assumes the corporeal existence of a social subjectivity. It is an attempt to give flesh to the notion of excessive multiplicity, to think that which constantly overpowers identity in terms of *living substance*. In Spinoza, it is the multitude that emerges as the figure of ontologico-productive excess (*potentia*) smashing the entire history of idealist philosophy. Against both individualism (Descartes) and transcendence (Hobbes), Spinoza posits the multitude as the *collective ontological subject of constitution*. In the figure of the multitude, Spinoza is “raising the humanistic utopia itself to the level of truth, but now reinstated on the horizon of materialism” (ibid.: 192). In the figure of the multitude, *potentia* becomes the immanent power of constitution, exposing and confronting the real abstraction that is *potestas*:

“*Potestas*, Power, from this point of view, can mean only one thing: *potentia* toward constitution, a reinforcement of meaning that the term *Power* does not represent itself but merely alludes to, since the power of being identifies it and destroys it, poses it and surpasses it, within a real process of constitution. The reinforcement that the concept of Power proposes for the concept of power is relative only to the demonstration of the necessity (for power) to pose itself always against Power. But, this said, the true dimension of Spinoza’s politics springs up again – its metaphysical procedure in the materialistic construction of the social world, the procedure that prepares the conditions of determined behaviour in the real world” (ibid.: 192).

Thus what one gets with Negri’s Spinoza is indeed an ontology that posits the univocity of being against the simulacrum of the univocity of capital by demonstrating that radical immanence signifies first and foremost the univocity of the social multiplicity: *potentia* as the immanent unfolding of the multitude. It is

precisely in this collapse of metaphysics into politics that one encounters Spinoza's savage anomaly: a philosophical rupture that simultaneously is a call to arms in the name of *potentia*. As much as the unfolding of *potentia* as principle of ontological *dynamis* depends on the conceptual emergence of the multitude, as much does social *praxis* depend on the emergence of the multitude to actualise its full ontological potential.³⁷ The multitude is a simultaneously ontological and political passage to what Negri calls the "Spinozian disutopia [sic]": a world founded on social *praxis* as ontological production. Not being *in* the world but being *as* the world – ontological production that always starts from the flatness of material social *praxis*.³⁸

4.2.2. Real Subsumption

Law of value, displacement, and an ontology of *potestas/potentia* – these seem to be the central principles of Negri's analytical apparatus. Their dynamic intersection paves the way for a theory of time that is materially immersed into its subject. In fact, the convergence of the three principles on the time dimension allows Negri to methodologically live up to his own ontological standards: his philosophical demand that thought be immersed in material practice is brought to life in a practical research program. The cartography of capitalism's dynamic that Negri had discovered in the *law of value* pointed toward the horizon of real subsumption as a way of overcoming the aporias of value. Real subsumption is the realisation of the law of value that dissolves the aporias but only in order to transform them into tautology. The law of value does not quite expire but it enters into crisis. In order to remain effective it has to change its operational di-

³⁷ The question of *praxis* will be an important subject of discussion in the second part of this chapter.

³⁸ It is in this sense that one has to read the following quote: "There is no longer nature, in Spinoza, but only second nature; the world is not nature but production. The continuity of being is not formed in a process that leads from a principle to a result, from a cause to an effect (on this nexus and in this direction); rather, it is revealed as given, as a product, as a conclusion. The result is the principle. Produced, constituted being is the principle of production and constitution. Every articulation is led back to production as if to its own principle. But the principle is actuality, it is the actual richness of the movements of being. It is its constituted present. This inversion of production in the principle of a constitutive ontology is the symbol of the liberation of productive forces from the relations of production, no matter how they are given or how firm they are. It is the principle of revolution at the basis of Modern philosophy" (Negri 1991b: 225-226).

mension. Capital can only confront the tautology by way of *displacement* onto the time-dimension. At this point, Negri's Spinozian side becomes important as it enriches the methodological map ontologically: it is now possible to recognise the aporias of the law of value as indexical of the *antagonism between potestas and potentia*. Simultaneously, the law of value's dynamic reflects the ontological primacy of *potentia*, which – expressed in the multitude as historical subjectivity – is driving capital into the increasing subsumption of being.

This conceptual apparatus allows Negri in the "Constitution of Time" to identify the *temporal structure* of capitalism under conditions of real subsumption. Negri designates this text on several occasions as his "prolegomena on time". This designation is entirely apposite: what the text delivers is not a theory/ontology of time but rather a structural assessment of the 'territory' on which a notion of time or process can be developed. The result of this assessment is a two-dimensional structure of real subsumption: on the one hand, an intensive dimension expressing the displacement of the antagonism (aporias) onto the time dimension, on the other hand, an extensive dimension expressing the radical socialisation of production. The following two subsections discuss these dimensions respectively.

4.2.2.1. Intensities: Temporality

According to Negri, the displacement of capital onto the dimension of time results in the emergence of two theoretical tendencies:

"the first repropose a *formal* schema of manifold time, a scientific centralization of the combination of multiple times, a concept of the *envelope* of the multiple – in other words a new *space* of organisation of time, therefore an analytic of the combination of these modalities; the other tendency displays the situation in materialist terms, and so respects the multiplicity of what it is, as irreducibility of the many to the one, *time* conceived in its founding dynamic – and therefore, molecular *reality* as against any molar projection" (2003: 43, emphasis in the original).

What Negri introduces here is a new theoretical schema of the antagonism, a map whose corresponding structure is developed in "The Constitution of

Time".³⁹ The aporias of the law of value re-appear transformed into a series of antagonistic relations. Time-as-measure versus real time: the analytic of measure and the constitutive materiality of living labour now confront each other as temporalities of co-operation, production, and constitution. However, whereas Negri leaves his readers in no doubt as to the ontological primacy of the multitude, he seems to oscillate as to the nature of the analytic (formal) side of the antagonism(s). The problem arises due to the fact that capital's (potestas') displacement onto time logically necessitates its becoming more flexible or even fluid (exactly: more temporal). Nevertheless, Negri's reference to a "dense and strong *temporal envelopment of existence*" (ibid.: 36) signals his adherence to a degree of spatiality, although it is an all encompassing one: once capital envelops all of existence, the law of values' spatial dialectics of inside (exchange value) and outside (use-value) do not apply anymore. However, if capital's 'molar projections' have become inefficient within the displacement of real subsumption, then the continuity of capitalism implies a becoming dynamic and perhaps even molecular on the side of potestas.⁴⁰ Capital, now working more immediately on the flows of use-value/living labour, abandons the space of Euclidean rigidity in order to reinvent itself as an "analytic of the combination" of space and time. Although this will not be properly developed in "The Constitution of Time", Negri repeatedly hints at something of an Einsteinian turn of capital. An Einsteinian assemblage of time, he seems to argue, is what Newtonian time-as-measure tends toward under conditions of real subsumption.⁴¹

³⁹ In "The Constitution of Time", the first displacement is followed by a triple series of dual constructions mapping the previously identified aporias onto the dimension of time. This is the structure of the prolegomena on time, articulated in the subsequent chapters on collective (co-operative) time A/B (chs. 2 & 3), productive time A/B (chs. 4 & 5), and constitutive time A/B (chs. 6 & 7).

⁴⁰ Cf. section 3.5.4. The designation of potentia as molecular can be clarified with reference to its elaboration as excessively productive *multiplicity* in Negri's Spinozian ontology (cf. section 4.2.1.3).

⁴¹ Cf. ibid.: 78: "Perhaps only a renewed analysis of the *Einsteinian* conception of time as the co-ordination of different velocities, as the assertion of both the *irreversibility* of trajectories and of irreducible *asymmetry* of dimensions, could lead us to an adequate definition of the temporal paradigm in the composition of the social worker." The reference to the social worker points toward the extensive dimension of the argument whose discussion the next section turns to.

4.2.2.2. Extensities: The Social

There can be no doubt that for Negri as well as many other theorists of contemporary capitalism real subsumption entails as one of its most important aspects a radical socialisation of production.⁴² This socialisation is predicated on a mutation of the spaces of production, on a topographical shift in the organisation of production. If one considers accounts of modern capitalism as they have been delivered by Marx, Weber, or Foucault, they tend to be clearly based on a very strong notion of spatiality. Exploitation took place within the limits of the factory, bureaucracy, or disciplinary confinement. Foucault referred to this process as moulding: the worker's life-time was cast into the mould of capital, his potentiality arrested within the walls of the confinement (cf. section 3.2.). Capital's analytic worked through the spatialisation of the *time of living labour*. The law of value presented the map of this spatial relationship whereby the confinements of capital presented themselves as the productive centres of society but could only do so by constantly referring to the real sources of production which lay outside capital's immediate reach: the creative capacity of the social which finds its index in the notion of use-value. The breakdown of disciplinary capitalism and the resulting displacement of real subsumption deprived capital of the productive illusion that was embodied in its spatial arrangements. What the autonomist tradition refers to as "exodus" from the factory/confinement disrupted the myth of capital's univocity (cf. Wright, 2002). It was as though the Spinozian disutopia appeared on the horizon, though only for a short moment. The Spinozian process overflowed⁴³ this time as concrete historical process that sent potentia off on a line of flight out of capitalist spatiality. Capital had no choice but to follow the movement of potentia. It abandoned its traditional spatial identity and shifted toward time thereby absorbing the social in its entirety. The factory-confinement as productive machine and source of capital's identity drowned in the wealth of social creativity. Capital's survival strategy was to

⁴² The thesis that contemporary production has increasingly become social is by no means confined to Marxist or neo-Marxist theory as the literature review has shown.

⁴³ Cf. section 4.2.1.3.

attach itself to the movement of potentia and reconstitute it as a source of appropriation:

“Occupying in advance the whole of the social space so as to measure it through the abstraction of time – rather than assuming the plural, multiversal and substantial temporal constitution of the world. This is the problem that capital must resolve” (Negri, 2003: 51).

In “The Constitution of Time” Negri frequently refers to a *dense temporal Umwelt*, substituting space-based measure with a “global phenomenological fabric, as base, substance and flow of production in its entirety” (ibid.: 29). In other words, capital has to attach itself to the flow of (ontological) production in order to escape its disenchantment as potestas pure and simple. Herein lies the challenge of the imperative of molecular transformation that capital is confronted with: to find differential methods of measure that can substitute the old metric ones.

4.2.3 Morphopoiesis: The Temporality of the Social

One of the immediate questions arising from this scenario concerns the relationship between sociality and time. Negri simply proposes the temporal and the social to be the two dimensions of what he calls the tautology of real subsumption. This section attempts to specify their relation by turning once again to Negri’s time-machine and in particular to the ontologico-Spinozian aspect of the displacement.

As the first part of this chapter tried to show, the movement of Negri’s thought aims at becoming co-evolutionary with the *wirkliche Bewegung*, to truly immerse itself within the process of being. Arguing along these lines, it was possible to notice certain parallels between Negri’s materialism and the neo-vitalist approaches discussed in the previous chapter. The most distinguishing elements of this new vitalism was located in its insistence on the process-character of being, i.e., on an understanding of being as vital process. According to neo-vitalism, the perspective that theory needs to assume is that of morphogenesis whose temporal reality (i.e., the fact that time is a material reality) is grounded

in the passage from the virtual to the actual. Herein lies the understanding of time as real ontological movement that is ceaselessly productive of being.

The key to the relationship between the social and time lies in Negri's rejection of such a, one could say, purely vitalist approach to time. This rejection is grounded in the Spinozian dislocation of ontology into the political. However, in order to fully illuminate Negri's theoretical operation it has to be read through his interpretation of Niccolò Machiavelli. Whereas Spinoza's ontology is largely spatial, Machiavelli's is emphatically temporal. Machiavellian ontology is one of *mutation* understood as an "unceasing movement, an absolute acceleration of history" (Negri, 1999: 38). Its immense significance for Negri arises from the fact that this mutation is "traversed throughout by human action" which itself is structural to the mutation. "It extends itself to the globality of the historical horizon and grasps and dominates the variations of time, giving them sense and meaning" (ibid.: 40). By arguing thus,

"Machiavelli constructs a scientific function that wrenches mutation away from destiny and turns it into an element of history; he wrenches history away from the past and considers it as a temporal continuum; he snatches time away from continuity and constructs the possibility of overdetermining destiny" (ibid.).

For Machiavelli as much as for Negri, time is thus through and through social, it is "the matter of which social relations are constituted" (ibid.). The flow of time here becomes a function of social creativity. At the very beginning of the long *durée* of capitalism⁴⁴ Negri thus discovers the constitutive moment of a truly materialist theory of time that sets out to recuperate time from metaphysical abstraction and transcendence, grounding it firmly within the social multiplicity.

It is here that the Spinozian dislocation – the collapse of metaphysics into politics – actualises its full potential by *materially embodying the convergence of time and the social in the figure of the multitude*. The qualitative movement of being

⁴⁴ The notion of a long *durée* of capitalism beginning in the 16th century is Wallerstein's (e.g. 1976) adaptation of Braudel's notion. The former, of course, follows Marx in his chronology: "World trade and the world market date from the sixteenth century, and from then on the modern history of capital starts to unfold (Marx, 1976: 247). For a fascinating revival of the notion of the long *durée* see Sloterdijk, 2005.

(mutation) is now grounded in the collective ontological subject of constitution. The brief detour through Machiavelli reveals that Spinoza's spatial ontology opens up the possibility for an ontology of time that adheres to the principle of constitutive immanence:

"The Spinozian problematic of spatial being, as spatial constitution, of spatial production ... is a proposal for the metaphysics of time. Not of time as becoming, as the most recent Modern philosophy would have it: because the Spinozian perspective excludes every philosophy of becoming outside of the determination of constitution. Rather, it is a proposal of metaphysics of time as constitution, the time of further constitution, the time that extends beyond the actuality of being, the being that constructs and selects its future. A philosophy of the future" (1991b: 228).

Thus, the Spinozian dislocation installed as fundamental operational principle of his own ontology allows Negri to conceive of real, creative time as movement driven by a historical subjectivity that expresses the constitutive immanence of *potentia*. It follows that time – in any real sense – is immediately bound up with the creativity of the social. Negri's strong notion of historical subjectivity as the motor of the process prevents his ontology from becoming truly vitalist. Nevertheless, a certain proximity to neo-vitalist process-ontology is sustained by Negri. The concept of the multitude seems to be 'flexible' enough to keep the connection between time and the social in perpetual mobility. In other words, the multitude is understood in terms of a non-identitarian subjectivity; it is *itself a process* as well. Whilst substantialising and subjectifying the link between the social and time, it does not quite arrest the process within a fixed historical *identity*.⁴⁵ One could therefore argue that what Negri offers is a way of opening neo-vitalism toward the possibility of a materialist grounding: time as the substance of the social that expresses the abundant creativity of *potentia*. Thus, rather than just rejecting the notion of morphogenesis (or becoming) Negri grounds it within a (non-identitarian) subjectivity that drives being toward the future. It is in this sense that the present analysis proposes that in Negri's thought *morphogenesis* becomes *morphopoiesis*. *Morphopoiesis* expresses an understanding of

⁴⁵ This is what the complaints about the conceptual fuzziness the "multitude" that surfaced after the publication of *Empire* (Hardt and Negri, 2000) seem to suggest.

becoming that is not a question of an emergence (*genesis*) of new forms but rather one of their production (*poiesis*).

4.3. Intermezzo: *Poiesis/Praxis* and *Poietic* Genealogy

It is necessary to pause here as a deepening of the analysis clearly is in order. What has been argued so far is that Negri's analysis of contemporary capitalism is based on an ontological conflation of time and the social. Morphopoiesis seems to be a helpful notion in so far as it is able to capture the merger of time and the social while adhering to the process connotation of morphogenesis. Morphopoiesis understands social temporality *as* ontological process. It simultaneously emphasises *process* and its *materialist grounding within productive social activity*. In this sense, the notion of morphopoiesis helps to situate Negri in a certain proximity to the new vitalism while at once underlining the crucial difference of his thought.

However, it has to be noted that the concept of *poiesis* comes with a long philosophical history. Therefore, it will be necessary here to insert an intermezzo concerning its background, briefly elaborating *poiesis* and *praxis*, the latter being the concept to which *poiesis* has been linked since Aristotle. The second part of this intermezzo turns to Negri's *emphatically poietic* reading of Foucault's notion of *genealogy*. A discussion of Negri's poietic reading of Foucauldian genealogy will thus serve as a helpful illustration of Negri's poietic relation to process-ontology. In addition, the intermezzo allows the analysis to broaden in order to introduce a number of concepts that will be crucial in terms of understanding capitalism ontological turn as well as its potential relation to the notion of lived social practice.

4.3.1. *Poiesis* and *Praxis*

Poiesis is a concept that originates in Greek philosophy. The primary source seems to be Plato's symposium, where Diotima explains to Socrates that "what causes anything whatever to pass from not being into being is all *poiesis*". What Diotima wants to make clear is that every production as activity that brings something into the world is *poiesis* even though the name has come to be re-

served for the particular activity within the arts that is called poetry. In the *Nicomachean Ethics*, Aristotle opposes the notion of *poiesis* to that of *praxis*: “[T]he genus of action [*praxis*] is different from that of production [*poiesis*], for production [*poiesis*] has an end other than itself, but action [*praxis*] does not: good action is itself an end” (VI 1140b). In other words, *poiesis* is the principle that generates something new. In Aristotle’s definition it is that which has its end and limit outside itself. *Poiesis* is thus always in material excess of itself whereas *praxis* remains immanent to itself.

One of the most influential comments in modern philosophy regarding the distinction between *poiesis* and *praxis* comes from Martin Heidegger. For him, *poiesis* is bringing forth (*Hervorbringen*). What is interesting in the present context is that Heidegger transforms the classical distinction between *praxis* and *poiesis*, rearticulating it as the difference between creation (*Schaffen*) and mere making (*Verfertigen*) within *poiesis*. Heidegger understands both modalities of *poiesis* in terms of *aletheia* which translates as truth in the sense of unconcealment (*Entbergen*). “Every bringing-forth”, Heidegger says, “is grounded in unconcealment” (1962: 12).⁴⁶ The crucial distinction between the modalities of *poiesis* is established with reference to *technè*. In its original sense *technè* does not have anything to do with technology in the contemporary sense but “denotes rather a mode of knowing” (1971: 59, quoted in Gulli, 2005: 157). Heidegger understands *technè* as the transcendental structure upon which the difference between *poiesis* as creation and *poiesis* as mere making can be established. As he argues in *The Question of Technology* (1962), *technè* determines the relation between *poiesis* and truth (*aletheia*). Here, Heidegger uses the concept of framing (*Gestell*) to designate the modern industrial excrescence of making as *going against* being. In terms of *technè*, this ‘going against’ entertains a merely predicative relation to

⁴⁶ The distinction between creating and making in Heidegger is rather complex and cannot be developed here in the necessary detail. For an inspiring discussion of Heidegger’s notion of *poiesis* in the context of an interesting attempt to develop a poietic concept of labour, cf. Gulli, 2005: 147 and *passim*.

that which is brought forth. Making is understood as man's⁴⁷ confrontation of being in whose process knowledge is added on to that which is brought forth.

In contrast, *technè* determines *poiesis* as creation in terms of a sort of respectful looking that perceives the being in its self-disclosing openness. Man's *creative* relationship to being is not the challenging relationship of technology but rather a certain resonance with being. One does not encounter here a Heideggerian notion of immanence as *technè* remains a transcendental structure on which the nature of *poiesis* is determined. Nevertheless, in the notion of *creative poiesis*, there is a sense of man's 'co-poieticness' with being. *Poiesis* as creation then entertains an ontological relationship with the truth (*aletheia*) in so far as creation does not add knowledge to that which is created. The name that *creative poiesis* gives to its object is entirely adequate as it refers to the essence of this object.

Giorgio Agamben (1999) has recently revisited the question of *poiesis* and *praxis* from a materialist perspective. Like Heidegger, Agamben argues that the classical meaning of *poiesis* is related to the truth (*aletheia*). Unlike Heidegger, however, Agamben interprets *technè* not as a transcendental structure upon which the different kinds of *poiesis* should be distinguished. Rather, he collapses transcendental *technè* into *poiesis*, reading it simply as that what which characterises *poiesis* as human production in general:

"In the second book of the *Physics*", Agamben explains, "Aristotle distinguishes between that which, existing by nature (*phusei*), contains in itself its own *arche*, that is, the principle and origin of its entry into presence, and that which, existing from other causes (*di'allos aitas*) does not have its principle in itself but finds it in the productive activity of man. Of this second category of things, the Greeks said that it is - that it enters into presence - *apo technès*, from or starting out from *technics*, from skill, and *technè* was the name that designated both the activity of the craftsman ... and that of the artist..." (1999: 60, emphasis in the original).

In relation to Heidegger's interpretation, *technè* is transformed from a transcendental differentiator to an immanent integrator: *technè* as that which defines human *poiesis*. Agamben is of course aware of *technè's* relation to knowing.

⁴⁷ The denotation "man" is adopted in the present section not in order to demonstrate ignorance regarding decades of feminist philosophy but for the sake of terminological consistency.

However, for him, there is no transcendental structure upon which the relation between creation and making could be determined. The criterion that makes the difference – which for Agamben is again the original Aristotelian difference between *poiesis* and *praxis* – is the relation of the object to the process that led to its unconcealment. Aristotle differentiated *poiesis* from *praxis* on account of *poiesis* having an end and limit external to itself. Agamben attributes this crucial characteristic of *poiesis* to the fact that whatever *poiesis* unveils “is not the result of a doing, not the *actus* of an *agere*, but something substantially other (*eteros*) than the principle that has produced it into presence” (ibid.: 73). For Agamben, *poiesis* refers to truth only in so far as that which has been produced is truly present. It is now in a mode of unconcealment – *aletheia*, truth. It does not, however, refer back to the process of production. Thus in Agamben’s interpretation the distinctive characteristic of *poiesis* lies in the disjunctive relation between the process of production and the product.

In contrast, *praxis* is that which remains immanent; an act whose end or limit is internal to the process. According to Agamben, Aristotle links the concept of *praxis* simultaneously to *life* and *experience*. Man is the only living being capable of experience in the sense of conscious determination of his vital process. In a word, man is capable of practical intelligence:

“The determining principle (*arche*) of *praxis* as well as of practical thought is, then, the will (*orexis*), intended in its broadest sense and therefore including *epithumêma*, longing, *thumos*, desire, and *boulêsis*, volition; that man is capable of *praxis* means that man wills action and willing it, goes through to its limit. *Praxis* is going through to the limit of the action while moved by will; it is willed action” (ibid.: 75).

Praxis is here understood in terms of an action that expresses what Agamben calls will – a notion that seems to carry at least Nietzschean overtones. Through the will, action moves toward its own limit. *Praxis* proceeds from the will. Will is the vital force that traverses action and in doing so transforms action into *praxis*. *Praxis* is thus action seized by the will that is living consciousness. The most consequent version of such a concept of *praxis* Agamben locates with Marx. For Marx, man is a ‘poet’ in so far as he is a universal producer. How-

ever, what constitutes man's proper being and differentiates him from the animal kingdom is the capability to transform his vital activity consciously into a means of existence. The concept of *praxis* marks this capacity: *praxis* as the seizure of *poiesis*, as man becoming master of his vital productivity. For Marx, *praxis* is that which makes man a *Gattungswesen*, a being belonging to a genus. Agamben quotes Marx as saying that

“the object of labour is the *objectification of genus life*, and that ‘alienated labour, since it takes away from man the object of his production, takes away from him also his genus life, his actual generic objectivity [*Gattungsgegenständlichkeit*]” (MEGA: 370, quoted in Agamben, 1999: 79, emphasis in the original).

What Marx proposes is that humans are poietic beings because they are capable of a genus. The latter, however, is not constituted by their poietic capabilities *per se* (man as universal producer) but rather by the capacity to seize *poiesis* and transform it into *praxis*. This is a crucial point for Agamben. The fact that humans are capable of *constituting their genus in praxis* points to a non-naturalistic understanding of the concept ‘genus’. As Agamben emphasises, “Marx’s assertion that the quality of genus (*Gattungswesen*) is precisely the characteristic that distinguishes man from other animals, and ... his explicit linking of it to *praxis*, to the conscious vital activity proper to man”, (ibid.: 80) opens the concept of genus toward a non-naturalist notion of existence. An ontological trajectory opens up that does away with an essentialist definition of man, replacing it with a Spinozian notion of the body whose capacity “no one has so far determined” (Spinoza, 2000: 167). An ontology comes into view that reaches beyond the *conditio humana*:

“In the productive act ... man becomes suddenly situated in a dimension that is inaccessible to any naturalistic chronology, since it is man’s essential origin. Freeing himself at once of God (as prime creator) and nature (understood as the All independent of man, of which he is part with the same claim as animals), man posits himself, in the productive act, as the origin of nature and man” (Agamben, 1999: 83).

Here, one encounters *praxis* as the productive act of ontological emancipation. Man can only become man proper by pulling himself out of divine as well as naturalist genesis in order to constitute his becoming in an a-telic *praxis*: the body as that which it is capable of doing. What makes Agamben's argument so instructive in the context of the present discussion is that the definition of *praxis* implies both the seizure of ontological process (referred to above as *morphogenesis*) and the conscious seizure of *poiesis*. Only in this double seizure does man actualise his virtuality, becoming that which the body can do.

If today, one refers to the real subsumption of life under capital, what one in fact problematises is that the ontological process of morphogenesis has indeed been seized and transformed into a process of morphopoiesis. All there is today is production, *poiesis*. The problem is that Aristotle's definition still applies: the end of *poiesis* still remains external to it. The ultimate end of production under conditions of capitalism remains the creation and accumulation of capital. It is the capital relation that blocks the passage from *poiesis* to *praxis*. Morphogenesis has been subsumed into morphopoiesis as an ontological mode of production whose dispositifs ensure the permanent externalisation of the end and limit of the process of production. Our ontology is indeed one of morphopoiesis. However, the notion of morphopoiesis is meant to signify simultaneously the seizure of the process of morphogenesis as well as the perpetual obstruction of the passage toward *praxis*.

It might be helpful at this point to turn to Paolo Virno's recent intervention (2004) that discusses real subsumption with explicit reference to the distinction between *poiesis* and *praxis*. His argument proceeds from Hannah Arendt's critique of the collapsing border between politics and labour. In Arendt's liberal political theory, politics is the realm of *praxis* understood as "the generically human experience of beginning something again, an intimate relationship with contingency and the unforeseen, being in the presence of others" (ibid.: 51). The argument (which one might want to designate as classically liberal) locates politics with the 'public sphere', a space unspoiled by the principles of *poiesis* (labour) which Arendt however understands strictly in terms of fabrication (Heidegger's "mere making"). What Arendt bemoans is that in the twentieth cen-

ture the border between *praxis* and *poiesis* collapses: politics is increasingly ruled by the logic of fabrication.

Virno's discussion of real subsumption proceeds from an inversion of Arendt's argument. In his assessment, contemporary capitalism is marked by *poiesis* having taking on many characteristics previously endemic to the sphere of *praxis*:

"I maintain that it is in the world of contemporary labour that we find the 'being in the presence of others,' the relationship with the presence of others, the beginning of new processes, and the constitutive familiarity with contingency, the unforeseen and the possible" (ibid.).

Thus, what Virno diagnoses is not the practical liberation of *poiesis* in Agamben's sense but rather the subsumption of important aspects of *praxis* into the organisation of productive labour. Virno marks the relevant transformation of labour with the notion of *virtuosity*. Virtuosity as it is commonly used entertains a twofold relation with *praxis*. On the one hand, it characterises an action that finds its purpose and fulfilment within itself. The virtuoso's product is her performance. On the other hand, however, it marks the intrinsically social dimension of *praxis*. Virtuosity implies the presence of others, an audience or witness on which the virtuoso has to rely in the absence of a material end-product of her performance. Not unlike politics, virtuosity requires a 'publicly organised space'.

With reference to the transformation of contemporary capitalism these two virtuosic dimensions of *praxis* are crucial. What one needs to stress, though, is that in this context virtuosity has nothing to do with genius or special skill. As Virno puts it,

"virtuosity is nothing unusual, nor does it require some special talent. One need only think of the process whereby someone who speaks draws on the inexhaustible potential of language (the opposite of a defined 'work') to create an utterance that is entirely of the moment and unrepeatable" (1996: 195).

According to Virno, virtuosity marks the becoming productive of the "inexhaustible potential of language" in contemporary capitalism. It is here that a kind of public space re-emerges, although one in which emancipative *praxis* is

perpetually transformed into intensified *poiesis*. What Virno articulates is the thesis of an ‘immaterial turn’ of capitalism that has become prevalent among new left thinkers since Maurizio Lazzarato’s (1996) seminal intervention on “immaterial labour”. In a manner similar to Lazzarato, Virno understands the tendentially socio-linguistic character of contemporary labour through the prism of *general intellect*, a concept first formulated by Marx in the *Grundrisse*. In Marx, general intellect referred to the stage in capitalist development when constant capital (dead labour) has occupied the whole of society so that science, the intellect, knowledge in general becomes the primary source for the production of wealth: “labour moves to the side of the production process instead of being its chief actor” (1973: 705). Virno as well as Lazzarato extend Marx’s notion of general intellect into the space-time of real subsumption by defining it in terms of the linguistic, communicational and affective habits and capabilities of the species. The immateriality of social cooperation as expressed in language becomes the hegemonic form of labour. It is in this sense that Virno refers to the general intellect as a “materialistic renewal of the Aristotelian concept of *nuos poietikos* (the productive, *poietic* intellect)” (2004: 38).

Virno’s discussion of virtuosity is vital for the present discussion as well as for the analysis in general because it raises two important issues. The first issue concerns the question of why the multitude should be ready to actually offer their basic socio-linguistic capacities to capital. Virno attempts to answer the question with reference to the collapse of use-value into exchange-value in real subsumption. The invasion of the whole of social life by the logic of exchange-value leads to the collapse of any substantial community that functions differently from the logic of exchange-value. This tendency has been widely debated throughout the social sciences and humanities in terms of individualisation (Beck et al., 2002), detraditionalisation (Heelas et al., 1995), the collapse of community (Putnam, 2001) or existential liquidity (Bauman, 2000) to give only a few prominent examples. With respect to real subsumption, this tendency is simply a result of the fact that *there is no outside anymore* (cf. Jameson, 1991). From the perspective of the contemporary multitude, of course, lack of outside rather looks like a lack of *inside* in the sense of a community that provides shelter vis-

à-vis the world (out there) thus eliminating Hobbesian existential anxiety. According to Virno the contemporary multitude emerges as *bios xenikos*, i.e., a living multiplicity of strangers. He refers to the condition of “not feeling at home” (2004: 38) as the permanent and irreversible situation of the contemporary multitude. It is in fact this ontological lack of home that, according to Virno, leads to the attempted escape of the multitude into the ‘apotropaic’ resources of language and co-operation, to speaking and sharing as generic capacities of the species. One could thus argue that what Virno perhaps romantically refers to as an ontological lack of home articulates in fact the impossibility of the contemporary multitude to make the leap into *praxis*, to constitute itself as an open genus. Virtuosity provides the shelter for the multitude that is held captive within an ontology of morphopoiesis.

The second issue, which is closely related to the first one, concerns the nature of the resource that the escape into the generic capabilities of the species opens to capitalist appropriation. Virno calls these public spheres of virtuosity *intensive spaces* because they intensify exploitation by providing gates or access points to the entire social field of cooperation: “the tasks of a worker or of a clerk no longer involve the completion of a single particular assignment, but *the changing and intensifying of social cooperation*” (ibid.: 62, emphasis added). As one could perhaps argue, the fact that all of *actuality* is occupied by the logic of capital forces the multitude to run for shelter in the *virtual*. However, in doing so, the multitude opens the possibility for the “inclusion of the very *anthropogenesis* in the existing mode of production” (ibid.: 63). The reference to anthropogenesis should be read in terms of the multitude’s desire to pass into the open field of *praxis*. It is this desire that is perpetually deflected into the machines of valorisation. The empirical chapter below (6.-8.) analyse some of the arrangements that today organise this deflection. Suffice to say here that it is in these intensive spaces and dispositifs that capital performs its displacement onto the dimension of time. The ontological turn of capital that Negri locates with real subsumption occurs in the virtuosic spaces that are in fact non-places opened between *poiesis* and *praxis*. Becoming (genus) is interrupted, the desire, which is ontological, transferred into the processes of valorisation.

4.3.2. *Poietic Genealogy*

After this brief detour into the question of *poiesis* and *praxis*, this section turns to the work of Michel Foucault, or rather to Negri's *poietic* reading of Foucault's notion of genealogy. This is instructive as it deepens the analysis of the relation between morphogenesis and morphopoiesis. Furthermore, it allows for the introduction of the notions of *biopower* and *biopolitics* that are crucial for Negri's understanding of capital's ontological turn.

Foucault develops the method of genealogy in his programmatic 1971 text *Nietzsche, Genealogy, History* (1998) organising it around the dynamic concepts of *Entstehung* (emergence) and *Herkunft* (descent).⁴⁸ Genealogy can be read as an attack on the teleological character of traditional history. Because it thinks history starting from an immobile field that it takes to be its actual presence (its *telos*), conventional historiography unavoidably conceives of the movement of time on the basis of the essentialist notion of *Ursprung* (origin). Historical time is thus reduced to a succession of immobile, calculable spatialities (presences) whose great conclusion is the present. Against such a practice of historiography Foucault mobilises Nietzsche's notion of life, arguing that a genealogical turn is necessary in order to account for the *intensity, creativity and the real movement of life* (Foucault, 1998: 385-389). Only a shift toward the mobile principles of emergence and descent would enable history to begin taking the living quality of time seriously.

Nietzsche, Genealogy and History also introduces the body as the surface of inscription for the struggle of forces that drives history. If Foucault suggests that the task of genealogy, "is to expose a body totally imprinted by history and the process of history's destruction of the body" (ibid.: 376) he seems to designate

⁴⁸ "Genealogy opposes itself to traditional historical method; its aim is to 'record the singularity of the event outside of any monotonous finality'. For a genealogist there are no fixed essences, no underlying laws, no metaphysical finalities. Genealogy seeks out discontinuities where others found continuous development. It finds recurrences and play where others found progress and seriousness. It records the past of mankind to unmask the solemn hymns of progress. Genealogy avoids the search for depth. Instead it seeks the surface of events, small details, minor shifts, and subtle contours. It shuns the profundity of the great thinkers that our tradition has produced and revered; its archenemy is Plato" (Dreyfus and Rabinow, 1982: 106).

the body as the topological locus where history can be exposed as the struggle of forces that make up the living movement of time. Hence, Foucault develops a notion of *morphogenesis* as temporality working on the body as both *puissance* (formation) and *pouvoir* (here: destruction).

Genealogy thus adheres to a certain level of *transcendence in relation to subjectivity* in the sense that its immanence is the immanence of time *per se* rather than that of a historical subjectivity. Negri, of course, cannot accept that. His reading of Foucauldian genealogy is emphatically strategic: it is a *poietic* reading of genealogy that starts from the genealogical destruction of Foucauldian subjectivity (the body) in order to open up its movement toward the constitution of a *poietic* subjectivity that Negri believes can be found in Foucault as well:

“Certainly, the subject can be reduced to a pure phantom, a residue of the totality of the system of repression. But how dynamic it remains, even in this reductive horizon and imprisoned within these mechanisms! It is productive because on this limit the subject goes back into itself and rediscovers there the vital principle. ...[B]esides being strength [potentia], the subject is also action, a time of action and freedom, an assemblage – open because no teleology conditions or prefigures it. Foucault critically performs a process that assumes the disarticulation of the real and then, constructively, reopens a process that assumes the disarticulation as a positive condition. What was a path through necessity opens the way for a process of freedom” (1999: 28).

This strategy is clearly reminiscent of Negri’s reading of Spinoza where the mature Spinoza of radical immanence and constitutive potentia breaks through the utopian dream. With regard to Foucault, Negri is able to show a similar development in the sense that Foucault’s mature philosophy articulates a *poietic* foundation that breaks through the plane of genealogy.⁴⁹ Toward the end of the seventies, Foucault discovers what he refers to as “governmentality”, i.e., a mode of power whose introduction was necessitated by the modern insertion of ‘life into history’. Foucault analyses this development with reference to the emergence of political economy. As he demonstrates, the technologies of power

⁴⁹ A certain division of Foucault’s oeuvre is rather common throughout Foucault scholarship (cf. Dreyfus and Rabinow, 1982; Lemke, 1997) although the radicality of Negri’s reading is certainly exceptional. For someone who is in agreement with Negri’s approach to Foucault see Lazzarato (2000).

shift toward governmentality at the precise moment that *economy* (understood in its strict Greek sense as the government of the family) and *politics* (likewise understood as the government of the polis) start to converge. Life, previously confined to the *oikos* enters the polis but not (or at least not primarily) as hostage of the sovereign under threat of imminent execution (Agamben, 1995) but rather as a generative principle that is inherent to the *population* and thus needs to be harnessed. One cannot fail to notice Foucault's proximity to Negri here: locating life as generative principle within a given population clearly corresponds to Negri's understanding of historical subjectivity. And it is through this moment of proximity that Negri approaches "Foucault's notion of genealogy, [as one] in which the subject creates new institutional and social models based on its own productive capacities" (Hardt and Negri, 2004: 308). Such a reading of Foucauldian genealogy is through and through *poietic* but this is not to say that it is inappropriate. Foucault's governmentality does indeed discover the existence of a generative principle of life inherent to the population and this principle is indeed compatible with a Negrian notion of *potentia* as constitutive power. However, governmentality simultaneously marks a transformation of *potestas* that enables it to include, or *envelop* this newly discovered resource. Foucault captures this development in the concepts of *biopower* and *biopolitics*: the Leviathan becomes a shepherd/pastor of life which signals an important turning point:

"[W]hereas the end of sovereignty is internal to itself and possesses its own intrinsic instruments in the shape of laws, the finality of government resides in the things it manages and in the pursuit of the perfection and intensification of the processes which it directs; and the instruments of government, instead of being laws, now come to be a range of multiform tactics" (Foucault, 2000a: 211).

Negri appropriates Foucault's thesis of sovereignty's biopolitical transformation for his understanding of production.⁵⁰ Whereas for Foucault sovereign power transforms into governmentality, for Negri, capital is forced to yield its

⁵⁰ Foucault is of course very important for Negri's political theory as well. Nevertheless, the focus of this chapter is on capitalism's productive dimension although there is no question that it is inextricably entangled with the question of its explicitly political constitution.

claim to univocity. Biopolitics and biopower are thus concepts that help Negri to further specify the relations of production under conditions of real subsumption. Biopolitical production, as Negri calls it, is invested through and through with the life of the social multiplicity:

“The relationship between production and life has thus been altered such that it is now completely inverted with respect to how the discipline of political economy understands it. Life is no longer produced in the cycles of reproduction that are subordinated to the working day; on the contrary, life is what infuses and dominates all production” (Hardt and Negri, 2000: 365).

Foucault’s notion of biopolitics as government of the life of the population is here radicalised in a concept of production that is broad enough to absorb the living, creative powers (potentia) of the social. As the quote emphasises, this new form of production explodes the theoretical and practical limits of political economy because life itself becomes “what infuses and dominates all production”. The notion of life in biopolitical production is meant to emphasise the reliance of contemporary capitalism on a resource that is different from labour in so far as it cannot be grasped from the perspective of capital’s univocity (cf. section 4.2.1.1.). It is at this point that Negri’s theory of contemporary capitalism and the notion of vital organising could be argued to approach one another: whereas the exploitation of productive labour is a question of imposing measure and form, the exploitation of life depends on the ability to deflect and modulate the living desire of the social multiplicity. By emphasising the immanent creativity of the life of the multitude *per se*, the notion of biopolitical production simultaneously highlights the necessity of a mutation in capital’s exercise of potestas. Instead of imposing its own forms, capital now needs to open itself toward “the vitality of the productive context, the expression of labour as desire, and its capacities to constitute the biopolitical fabric ... from below (Hardt and Negri, 2000: 357).

One needs to be very clear here: capital still constructs value. However, this construction of value, according to Negri, now happens “beyond measure” (ibid.). Beyond measure, should be understood as an acknowledgement of

potestas' tendency to no longer impose its own measure on labour. This is what the reference to potestas' shift from molarity to molecularity tries to express: a shift away from the imposition of exploitative form to an exploitative analytic of molecular formation. In this shift, as the following section is going to argue, one might be able to locate a potential practice of vital organising.

4.4. Morphopoiesis as Ontological Process, or, *Kairòs* in Suspension

The previous discussion of *poiesis/praxis* and biopolitics has prepared the analysis for an engagement with the theory of time as developed in Negri's recent work. Of particular interest in this respect is his essay "*Kairòs, Alma Venus, Multitudo*" which makes up the second part of the English publication *Time for Revolution*. In this text, the momentum of the 'time machine' that has been the subject of discussion in the first part of this chapter is conveyed into an exploration of what Negri in "The Constitution of Time" had referred to as the "global phenomenological fabric" of real subsumption. In "*Kairòs, Alma Venus, Multitudo*" the terminology has changed and Negri now speaks of a materialist ontology of time in postmodern capitalism. Whereas in the former text the question of time was approached in terms of the antagonistic structure of *potentia* and *potestas*, now Negri wants to articulate the immanent plane of temporality itself.

What does that mean? It has already transpired that Negri conceives being as dynamic and temporal exclusively on the basis of the historical subjectivity that expresses *potentia*. This is what the designation of Negri's ontology as morphopoiesis attempts to express. Accordingly, a materialist ontology of time adequate to real subsumption or postmodern capitalism must attempt to identify the real core of this ontological *dynamis*. A materialist theory of time in Negri's sense must thus excavate the disutopian tendencies within real subsumption/postmodern capitalism and articulate the passage from morphopoiesis to an ontology of *praxis*.

4.4.1. Process: Ontology and Epistemology

It might be rather surprising that Negri approaches the question of time from the perspective of truth. The plane of immanence that he attempts to articulate is described in terms of a temporal field upon which concept (name) and thing form a relation of truth. It is important to note, however, that truth is used here in a Spinozian sense, that is, as adequate knowledge of the thing.⁵¹ Gilles Deleuze and Felix Guattari (1994) speak of a plane of immanence in terms of the convergence of epistemology and ontology in the sense of survey (*survoler*), i.e., as 'flying over' by becoming part of. The convergence of knowledge and being was understood there as their becoming co-evolutionary. Negri wants to push the Spinozian truth even further. Instead of the survey of being, Negri wants its seizure. The concept that articulates this seizure most violently has been discussed in the intermezzo: *praxis*.

If Negri thus chooses 'truth' as the point of departure for his exploration into the temporality of postmodern capitalism, it is because he is interested in developing an ontology that reconstructs time as the field of *praxis* that is already immanent to postmodern morphopoiesis. *Praxis* is already here, one could perhaps formulate, *but it is not quite true yet*. The truth that Negri invokes refers to a condition under which temporality as the "fabric of materialism" expresses the "affirmative power of being" while 'at the same time' constituting the "subjectification of becoming" (2003: 157). Capitalism under conditions of real subsumption or postmodern morphopoiesis presents us with a situation in which the subjectification of the affirmative power of being (potentia) only happens virtually, in the collective *praxis* that Virno marked with the concept of virtuosity. The 'true' might be immanent to postmodern morphopoiesis but it is so only

⁵¹ "It emerges that when Spinoza is talking about 'truth', he is really talking about what we would call 'knowledge.' That there is something unusual about Spinoza's use of the term 'true' is indicated by a striking remark in E2P43: 'Someone who has a true idea knows at the same time that he has a true idea.' I call this remark striking because, in a standard sense of the word 'true', it is a gross error. Suppose, for example, that I predict successfully the outcome of a football match. My prediction may be said to be a true statement; nevertheless (given that there has been no skulduggery of which I happen to know), I do not, at the time of my prediction, know that it is true. However, in the case of E2P43 the appearance of error only indicates that the term is used in an uncommon sense. What this sense is, Spinoza explains in E2P43S, when he says that 'to have a true idea simply means knowing a thing perfectly, or, in the best way'" (editor's introduction, in Spinoza, 2000: 31).

virtually. For Negri, the virtual common that gives contemporary capitalism its *dynamis* must make the leap into an “ontological common” (ibid.).

The question that the present analysis poses to Negri’s ontology of time, however, does not so much concern the feasibility of this passage but rather its nature. What is of interest here is not so much the thesis that the materiality of time will eventually find its expression in the affirmative powers of historical subjectivity. It may indeed be the case that “[w]e live through the era of revolution taking place [*rivoluzione avvenuta*]: our determination is merely to realise it” (2004: 97). However, what is crucial for the present investigation – and this has already been broached in the above discussion of Virno – is the way in which the revolution is perpetually prevented from *actually* taking place in spite of its *virtual* being here, and how this virtual revolution is valorised by the machine of postmodern morphopoiesis.

4.4.2. Morphopoiesis: The Suspension of True *Kairòs*

The central and defining element of Negri’s theory of time is the concept of *kairòs*. “In the classical conception of time”, he points out,

“*kairòs* is the instant, that is to say, the quality of the time of the instant, the moment of rupture and opening of temporality. It is the present, but a singular and open present. Singular in the decision it expresses with regard to the void it opens upon. *Kairòs* is the modality of time through which being opens itself, attracted by the void at the limit of time, and it thus decides to fill that void” (2003: 152).

In Negri’s ontology of time, *kairòs* becomes the materialist field within which *potentia* seizes being in order to release the arrow of time. The notion of *kairòs*, it seems, allows Negri to remain faithful to his flat Spinozian ontology while opening it further toward what he calls the “to-come”. Rejecting the Heideggerian determination of truth in terms of transcendental *technè*, he maintains that “the power of truth is not behind, nor in depth; it is in front, in the risk of vacillation” (ibid.: 153). The seizure of this truth, the exposure to the “risk of vacillation” that every true engagement with being at “the void at the limit of time” entails, opens time toward an innovation of being in the “to-come”.

Conceptualising the temporality of true creation in terms of *kairòs* can also be read as a rejection of Bergsonian intuition and duration. If it is still possible to refer to a notion of the virtual in Negri's ontology of time, it is one that is not to be found in the 'before' of memory.⁵² *Kairòs* does not mark an immersion in that being which comes before. The temporality of *kairòs* determines the attitude towards the past in the same way as it determines the attitude toward the future. *Kairòs* means the *praxis* of time, i.e., the seizure of being. In fact, it seems to be a sort of Parmenidian vortex, drawing past (which Negri refers to as the eternal) and future (the to-come) into the true *praxis* of being. To designate *kairòs* as Parmenidian is to emphasise its absolute presence. Simultaneously and paradoxically, however, Negri argues this presence not to be Parmenidian at all because he wants to conceive it as temporal rather than spatial. *Kairòs* is process! Is it possible at all to entertain a notion of presence as temporality or process? Yes, says Negri, if it is conceived not "as the movement that places the existent outside of itself", but as production that places existence within itself" (ibid.: 167). This, however, amounts to maintaining that the *space of praxis is time*. Maybe so, but this certainly does not define the temporality of postmodern capitalism. Postmodern capitalism, as has been argued above, is marked by an ontology of morphopoiesis which is to say that even if it carries *praxis* within it, this *praxis* remains virtual. Negri's ontology of time in terms of *kairòs*, however, is an ontology of presence and hence of actuality. *Kairòs* can therefore be conceived as productive or creative temporality *only once praxis has actually seized being, i.e., once poiesis has been truly transformed into praxis*. Negri's temporality of *kairòs* is therefore not the temporality of the presence – the temporality of postmodern morphopoiesis – but rather the temporality of a presence to-come, a presence in which process has become a function of the decision of the multitude and the transvaluation of values forms the creative principle of a new *praxis* of time (cf. ibid.: 248-261).

⁵² For an explicitly Bergsonian reading of postmodern capitalism cf. Lazzarato (2002). For a partial translation into English see Lazzarato (forthcoming) as well as Toscano's (forthcoming) contextualisation.

If Negri's ontology of *kairòs*' creative temporality is one that in a sense defers the true creativity of *praxis* to a presence to-come, i.e., to a future actuality, this begs the question of how one is to account for the quite real experience of creative temporality within contemporary morphopoiesis. The answer to this question is provided by Negri's notion of subjectivity which is - as we know already from the discussion of his Spinozian ontology - inextricably interwoven with his notion of ontological *dynamis* (i.e., time). Negri's concept of *kairòs* is firmly grounded in a concept of subjectivity that invokes the Spinozian corporeality that has been alluded to with reference to Agamben. What Agamben refers to as open genus to be constituted in *praxis*, Negri calls the multitude. What is signified in both cases is a process-multiplicity made up of bodies whose power cannot be determined *a priori*. In almost diametrical opposition to Foucauldian genealogy where the body is the surface on which time inscribes itself, here the body is understood as that through which "*kairòs* buries itself in the materialist field" of being (ibid.: 175). The body gives *kairòs* its corporeal form as that which seizes being and opens it to innovation. How is the (Spinozian) body able to do that? As Negri explains:

"The Dutch philosopher attributed to the body the power of the idea, and affirmed of the idea and of the body the ability to exist together, as parallels that overlay one another in the play of expression and imagination. If expression creates, it is the imagination that gives the body the strength to go beyond, up to the highest level of knowledge. In Spinoza bodily experience finds itself living the process of the totality of being through imagination" (ibid.: 174).

The body is the innovative interruption of the flow of time precisely because it forms a corporeal relay of expression and imagination. It is the parallelism of idea and expression that enables the body to open being towards a new constitution because only the body is able to *express* being in the creative act and simultaneously *imagine* its proper name. The Spinozian body is thus the temporal corporeality capable of unifying ontology and epistemology in one creative stroke. Expression and imagination: their coincidence allows the body to perform the "immeasurable" leap into the *to-come*. This leap is immeasurable in so far as the *to-come* is understood as

“the horizon of experimentation of the adequation of the name and the thing, and to the imaginative perspective that – in realising itself – presents itself as new being. The passage to the *to-come* is always a difference, a creative leap. Repetition, and with it duration, are de-structured by the current experience of the *to-come*, and the real is in this way comprehended in a new manner in the making of *kairòs*” (ibid.: 163).

It is the ability to place itself within the immeasurable, i.e., within difference, that renders the Spinozian body an ontological singularity whose trajectory ‘no one has so far determined’. However, as has been argued above, Negri’s notion of being is essentially social. “That which, in time, is generation”, Negri now declares, “is, in space, co-operation” (ibid.: 213). The intensive (time) and extensive (social) dimension of real subsumption interlock. The subjective experience of the immeasurable that creates difference in the *to-come* occurs in the presence of others. In fact, this is a simple necessity, for the definition of the body as singularity presupposes the presence of other singularities (otherwise the singularities could not be dynamic but would be fixed states). Hence, it is in the immeasurable that the body reaches ontological adequacy as singularity within a multiplicity of singularities. It is in its desire – in Spinozian terms: *cupiditas* – to place itself in the immeasurable in order to reach its ontological *telos* in the *praxis* of time that the body is driven toward the production of difference.

In the first part of this chapter, the multitude was defined in terms of the historical subjectivity that expresses *potentia*, the power of constitution. This definition can now be refined: multitude, for Negri, is the event in which the corporeal singularities actualise their immanent *telos* by seizing *kairòs* as the creative presence of their expression and imagination. Better yet: multitude is the event becoming subject, the true ontological subject of constitution in which the common and the common name converge. It is the becoming conscious singularity of the multiplicity of corporeal singularities at the edge of time that sucks being into the perpetual event of constitutive generation.

It was perhaps foreseeable that the multitude as subjectified event of kairic *praxis* would have to be located in a presence to come. However, the hiatus between the corporeal singularities desiring to place themselves within the im-

measurable and the multitude as event of a singular multiplicity opens up the possibility of conceptualising the intensive field in which postmodern capitalism can be placed. What one of course finds in the contemporary morphopoeisis is the corporeal desire (*cupiditas*) for ontological difference and innovation. Bodies do desire the experience and expression of the immeasurable even if it does not lead to the common event of the multitude. Not unlike Virno, Negri finds the quintessential expression of this desire in the becoming productive of language. Negri says: "Language is the common" (ibid.: 189). However, one has to immediately add that it is only the common in so far as it expresses the desire of the multiplicity of bodies, a desire that is appropriated and diverted by the strategies of contemporary capitalism. It is within these dispositifs that the virtual common of the general intellect is organised:

"When we say 'general intellect', we are speaking of the productive conditions of the postmodern era, in which intellectual and affective productive forces have become hegemonic and the primary fount of the valorisation of the world. The general intellect is a machinic productive force, constituted by the multitude of corporeal singularities that form the *topos* of the common event of the general intellect" (ibid.: 205-206).

Negri's definition of the general intellect as "intellectual and affective productive forces" draws attention to the fact that the reference to language might best be read as a metonym for the mobilisation of social life that the previous chapters tried to account for in the notion of lived social practice. For Negri, and in contradistinction to Virno, the emergence of the general intellect (Virno: virtuosity) is not a question of existential anxiety or desperation, but rather a moment that will be overcome by the immanent telos of the becoming multitude. Although this difference is surely central for Negri, it is less so in the context of this thesis. What is of significance for the present analysis is that in both cases the productive source of contemporary capitalism (i.e., the general intellect or lived social practice) is located within the bodies' attempted passage toward the true event of the multitude. This passage, of course, is perpetually deferred.

4.5. Conclusion:

Blocking the Passage - Vital Organising Meets Morphopoietic Capitalism

Postmodern capitalism signals the advent of morphopoiesis as an ontological mode of capitalist production because it is able to mobilise the desire of a virtual multitude while simultaneously blocking the passage to a true constitutive *praxis*. The question is of course, how is this mobilisation-block accomplished?

It is at this point that the notion of *vital organising* as developed in the previous chapter is of crucial importance as it enables the analysis to account for both, the ontological mobilisation of the poietic multitude and the perpetual deferral of *praxis* on which morphopoietic capitalism seems to be predicated. Simmelian *overflexion* [*Achsenüberdrehung*] within the practice of economic organisation could be seen as an important method of allowing *poiesis* as ontological production to become ever more potent while keeping the horizon of *praxis* outside the grasp of actualisation. Organisational overflexion dilutes potestas' transvital character through the shift from imposition of form to controlled formation. Organisation flattens itself onto the flow of lived social practice that can now be understood in terms of a virtual multitude ceaselessly searching to actualise its 'true figure'. Through vital organising, lived social practice can be drawn into the process of capitalist valorisation. Organisational overflexion can thus be taken as a crucial socio-technological strategy that helps to accomplish the real subsumption of social life under capital.

It has been argued above that Negri's ontology is predicated on the conceptual transformation of morphogenesis into morphopoiesis by grounding ontological process within the temporality of the social subject of production. Vital organising effectuates a homologous transformation on the dimension of contemporary capitalism. Vital organising within the logic of capitalist production literally amounts to the *organisation of real subsumption*: lived social practice as the dynamic principle of ontological process (morphogenesis) is subsumed into the machinery of morphopoietic capitalism by way of organisational overflexion.

Contemporary capital operates in the incomplete passage from *poiesis* to *praxis*. What becomes apparent now is that an important manner in which this intensive field of exploitation and appropriation is materialised can be found in vital organising. The multitude's desire (and incapability) to make the passage into

praxis can be valorised precisely because organisational overflexion releases the creativity of the ontological process: in its ceaseless attempts to make the leap into *praxis*, the desiring bodies give rise to the virtual multiplicity of lived social practice (the virtual multitude) that ceaselessly actualises the intellectual, communicational, affective wealth of postmodern capitalism. Vital organising is one of capital's ways of accommodating (providing a home for) the creative vitality of lived social practice as the socio-ontological potentia that ceaselessly attempts to actualise its proper figure, i.e., the multitude. The operative terrain of contemporary capital in so far as it is defined by vital organising is thus precisely here: the intersection of ontological process (the actualisation of the virtual) and the materialist process (from *poiesis* to *praxis*). It is, however, a process from which the desiring bodies are excluded in so far as the 'machinic productive force' is literally held in suspense by the technologies of vital organising.

Perhaps it is in this intersection that one finds an important clue as to the proper significance of the notion of biopolitical production. If contemporary capitalism does indeed feed off the multitudinous desire to make the passage from *poiesis* to *praxis*, and if this passage is to be understood in terms of a process of actualisation of virtualities immanent to contemporary morphopoiesis, then one has to concede that contemporary capitalism is tapping a source that is homologous to that which neo-vitalism is trying to articulate: *life as creative process*.

Biopolitical production then signals the emergence of capitalist reflexivity expressed in an organisational transformation that is able to accommodate the multitude's desire to depart from the ontological field of morphopoiesis toward an open field of constitutive *praxis*. It is the historical moment at which capital grasps its own non-productive, parasitic nature and employs it most efficiently. The penetration of the entire social bios that mobilises lived social practice goes necessarily hand in hand with a molecular transformation of capital's methods of organisation. In this sense organisational *overflexion* represents an attempt to become co-evolutionary with the multitude's temporality that constantly presses toward *praxis*. Hence potestas' shift from space to time. Negri articu-

lates this shift with reference to Deleuze's notion of *control* as discussed in the last chapter:

"What is meant by 'biopolitical control'? It is measure (that is, organisation and limit) of the time of life. Control flows into time; in control, law is procedural; control is inserted into the temporal ontology of the common, i.e., of life" (ibid.: 257).

In *Empire*, this new socio-temporality of real subsumption is understood as an "intensification of capital" (Hardt and Negri, 2000: 255). What one is now able to realise is that this intensification is in fact a displacement of capitalism into the dimension of ontological constitution itself. Vital organising marks an important manner in which such a displacement is accomplished. It presents capital with a practical path into the dimension of *kairòs*. It is in this sense that *capital has turned ontological*. Or, as Negri puts it: "the *paradigm is ontological*" (2003: 35, emphasis in the original). This is, in the final analysis, the meaning of a morphopoietic understanding of capitalism: capital having got 'hold' of the socio-ontological process by adopting a strategy of vital organising.

5. Methodological Reflections

5.1. Introduction

This chapter engages in methodological reflections regarding an approach that is able to empirically illustrate the above theoretical considerations. In concrete terms, a method has to be devised with which contemporary capitalism's morphopoietic character can be exemplified in an empirical analysis of vital organising. To this end, the following section (5.2.) introduces the notion of a *management-consulting dispositif* as a methodological lens through which transformations in the empirical field of economic organisation can be observed. Management consulting, it is argued, should be understood as a *dispositif*, i.e., *an ensemble of discourse and practice that has today become responsible for the 'organisation of economic organisation'*. While the discursive dimension of the *dispositif* is already well-explored in the literature, section 5.3. provides a brief overview of the historical development of management consulting as the practice side of the *dispositif*. Section 5.4. then outlines the empirical research design. The conclusion (section 5.5.), briefly introduces the thematic focuses of the subsequent empirical chapters.

5.2. From the Cultural Circuit to the Management-Consulting Dispositif

One of the most instructive suggestions as to a broad methodological perspective on contemporary capitalist organisation comes from Nigel Thrift (2005a). According to Thrift, one of the crucial characteristics distinguishing contemporary capitalism from its predecessors is the existence of a "cultural circuit" that functions as a dimension of organisational self-critique. Made up of management consulting, business schools, and management gurus, such a critical dimension provides capitalism with a continuous feedback loop, transforming it into a system with the capacity "to consider its own practices on a continuous basis" (Thrift, 2005a: 1). As a result of its feedback loop, capitalism acquires a new vitality. Thrift thus concurs with the present analysis in attributing a livelier, more process-like character to contemporary capitalism but understands it as a function of the feedback loop provided by the cultural circuit. The organi-

sation of contemporary capitalism becomes more flexible and adaptive as a result of what Thrift refers to as a *managerialist discourse* that has become hegemonic:

“[V]ery gradually, new visual and linguistic metaphors started to emerge which began to refigure (or, in jargon, reframe) the business organization’s relationship with the world, and the role of the manager within that organization ... These metaphors were based on the notion of constant adaptive movement – ‘dancing’, ‘surfing’, and the like – and of organizational structures that could facilitate this constant adaptation, both by becoming more open to the changing world and by engaging the hearts and minds of the workforce in such a way that the organizations could exist as more open entities” (2005a: 33).

The proposition that contemporary capitalism’s vitality has been propelled by such a managerialist discourse has indeed gained currency in recent academic debates (cf. Bröckling, 2000; du Gay, 2004).⁵³ Luc Boltanski and Ève Chiapello (1999) have done comprehensive research into the genesis of such a managerialist discourse. They understand the becoming vital of contemporary capitalism in terms of a “new spirit of capitalism”. This alleged new spirit – a clear reference to Max Weber’s (1976) classical account of capitalism’s emergence out of protestant culture – is argued to have discursively driven a reform of organisation that took place between the 1960s and the 1990s. In Boltanski and Chiapello’s assessment, the discursive power of the corrective, vitalising new spirit is an effect of the *anti-capitalist critique of the 1960s*. It is the discursive, ‘spiritual’ dimension of capitalism that allows it to absorb critical energies and employ them for the purpose of adaptation. This line of reasoning concurs with a morphopoietic understanding of capitalism in so far as it affirms the ontological primacy of potentia which rests with the multitude. It is the multitude that develops its critique in various forms to which capital then reacts by adjusting its discourses and ultimately, its practices. However, a discursive approach differs from a morphopoietic one in locating the challenge to capitalism as well as the reaction to the challenge at the level of epistemology rather than ontology. To express the difference in terms of Hirschman’s (1970) famous dualism: where

⁵³ Since Thrift’s most relevant article in this respect was originally published in 1997 (chpt. 5 in Thrift, 2005a) it would be fair to say that his writing anticipated much of the later debate.

Negri and autonomist Marxism refer to *exit* – or, rather: exodus –, Boltanski and Chiapello speak of *voice*.⁵⁴ In the latter's account, the challenge to disciplinary capitalism took place at the level of critique, undermining the moral justification of the material system of capitalism which responded by amending its morals (discourse) and – to a lesser extent – its organisational structures. By contrast, the present approach is predicated on the assumption that capital's reaction to *exodus* consisted in a displacement of capital into the poietic process of social life. The result of such a displacement is an ontological transformation of capitalism, a becoming morphopoietic by adapting its organisational structures in such a way that lived social practice can be mobilised and appropriated.

It has to be stressed, however, that the present approach to contemporary capitalism does by no means reject the power of discourse or language *per se*. What it does reject is the assumption of a hylomorphic structure in which language or discourse holds a position of ontological superiority vis-à-vis practice.⁵⁵ Coming back to Thrift's argument, it is clear that in spite of its emphasis on the discursive dimension, Thrift's Foucault-inspired approach is too complex for such a reductionism.⁵⁶ For Foucault, power (*potestas*) does never exclusively work through epistemology and discourse but always also entails a dimension of what Deleuze called "lines of force" (1992: 160) i.e., a direct and practical intervention into practice (cf. 1988b). Foucault develops the concept of *dispositif* precisely in order to stress the multidimensionality of his notion of power. Discourses, Foucault says, are always embedded in power relations and *vice versa* (cf. 1980; Dreyfus and Rabinow, 1982: 150). Thrift accentuates the discursive dimension of the *dispositif* which is methodologically instructive because it points to an important dimension of the *dispositif* that will help the present inquiry to gain some general insights into the field of contemporary organisation.

⁵⁴ Hirschman is one of Boltanski and Chiapello's main references.

⁵⁵ A proper analysis of the differences between process ontology and discursive hegemony as approaches to contemporary capitalism would go beyond the limits of the present discussion. For thorough problematisation cf. Lash (forthcoming).

⁵⁶ In his more recent writing, Thrift has also adopted a more 'ontological' approach referring to the development of capitalist technologies that "try to squeeze every last drop of value out of the system by increasing the rate of innovation and invention through accelerating connective mutation" (2005b: 6).

Research into the discourses that populate the “cultural circuit” of contemporary capitalism enables the analysis to identify tendencies and trajectories of vital organising – provided that they exist at all. However, instead of simply adopting Thrift’s approach as methodological blueprint for the empirical research, the analysis places it more firmly within the Foucauldian notion of *dispositif*. Put in concrete terms, the analysis adopts a methodological perspective that transforms the notion of a “cultural circuit” into a less discursively orientated notion of the *management-consulting dispositif*. Such a transformation moves the empirical analysis of vital organising toward a more integrative perspective, one that is able to account for both discursive and non-discursive forms of reorganisation.

Adopting a more integrative perspective appears sensible also from an empirical point of view. Since the 1980s, there has been an enormous expansion of the practice of management consulting which might be interpreted as a practical emancipation of one of the ingredients of Thrift’s “cultural circuit”. Over the past few decades management consulting has developed into an industry whose business is the (re-)organisation of economic structures and relations. The transformation of economic space that has been discussed in the literature review has increasingly become the task of an army of management consultants who are swarming through the economy. The following section traces the rise of this industry from the early Taylorist experiments on shop-floor discipline to today’s IT-powered (re-)organisation arrangements. It argues that the accelerated spread of management consulting particularly since the 1980s has led to the rise of a practice that cuts transversally through the entire economy. By virtue of this quantitative growth alone, management consultants should be seen as the *practical organisers of economic organisation*.⁵⁷ They create the lines of force of the management-consulting dispositif whose discursive side is formed by the academic and para-academic statements that surround the practice of consulting. Together, discourse and practice of the management-consulting dispositif

⁵⁷ The present analysis is limited to the field of economic organisation which, however, is not the case for management consulting. For the impact on the public sector cf. *The Economist*, 9-10-2005: 57-58.

provide the present analysis with a methodological perspective that renders feasible statements about tendencies and trajectories of contemporary organisation.

5.3. Management-Consulting: Development of a Practice

The roots of management consulting reach back to Frederick Taylor's time-and-motion studies that marked the advent of scientific approaches to the Euclidean structure of the firm. Taylor began, in a rather mechanical way, to study the labour process as the resource of value in order to render its exploitation more efficient. However, he was not primarily interested in turning his *Principles of Scientific Management* (Taylor, 1911) into a commercial exploit. It was left to his more business minded contemporaries – such as Harrington Emerson and Charles E. Bedaux – to use approaches similar to Taylor's in order to establish consulting companies that soon operated throughout the entire United States (Kipping, 2002). This first generation of scientific management related consultants was referred to as industrial engineers or efficiency experts. Between the late 1920s and 1950s they experienced a period of continuous growth, propelled by the need to improve efficiency, first related to the attempt to get out of the depression, then to the war economy and finally to post-war reconstruction.

A second generation of management consulting firms began to emerge in the 1930 shifting the focus from Taylorist shop-floor efficiency to top-level advice in corporate organisation and strategy. This development reflected the general adoption of more decentralised organisational structures with relatively independent divisions controlled by a corporate head office which necessitated a different style of advice. Important players in this field were companies such as Arthur D. Little, Booz Allen & Hamilton as well as McKinsey & Company. Their growth was aided by legislation in reaction to the 1929 stock market crash that effectively took the provision of these kinds of services out of the hand of merchant banks who had previously been dominant in the field (McKenna, 1995). This new breed of consultants also propelled the global expansion of

management consulting that began in the late 1950s.⁵⁸ Throughout the 1960s and 70s, these moderately sized multinationals (McKinsey employed 200 consultants by the early 1960s, Booz Allen less than 900) and their off-shoots such as Boston Consulting Group (Fincham and Clark, 2002-3; Kipping, 2002) spread the analysis-driven, board-level advisory style consulting – epitomised, perhaps, by McKinsey & Company – thus becoming the model of modern management consulting (McKenna, 1995).

From the early 1980s and continuing into the 1990s management consulting experienced an enormous boom. During that period, the industry became one of the fastest growing sectors throughout many advanced economies. Global revenues rose from an estimated US\$ 3 billion in 1980 to around US\$ 62 billion in 2001, with 80 percent of the sector's businesses set up only after 1980 (Fincham and Clark, 2002-3: 7). This rapid expansion was linked to the emerging organisational transformations that have been discussed in the literature review. The process of redefinition and reorganisation of firms and markets, it appears, did not follow automatically from changes in certain macro-economic parameters but was actively assisted by an emerging army of reorganisers (Kipping, 2002). The troops consisted of a “new generation of network building consultancies” (ibid: 34) that initiated another paradigm shift in management consulting. As management scholars Thomas Armbrüster and Matthias Kipping (2002-3) argue, since the 1980s the consulting industry has moved away from what they call the ‘traditional strategy-and-organisation consulting’ toward a type of consulting that increasingly evolves around communication and information technology (IT). This development has been related to the rise of large US accounting firms to major players in management consulting. They were not at all new to the business but had already in the 19th century provided consulting-like services alongside their regular engagements by assisting clients with the implementation of new accounting systems, restructuring or bankruptcy. However, it was not before the 1980s, that consulting became a major

⁵⁸ Management consulting also emerged independently from direct US influence in many national economies (cf. Aniamo and Tienari, 2002; Ferguson; 2002; Henry, 2002; Kartsen and Van Veen, 2002; Werr, 2002) although there can be no doubt as to today's global dominance of the US model.

income stream for these organisations. After a series of mergers in the 1980s and 1990s, the so-called 'Big-Five' emerged (Arthur Anderson, Deloitte & Touche, Ernst & Young, KPMG, PriceWaterhouse Coopers) whose management consulting revenues soon exceeded those of the traditional audit and accounting services.⁵⁹ Their enormous success in the consulting sector was predicated on perhaps two advantages they had vis-à-vis their competitors. On the one hand, they entertained already stable relations with companies in their function as auditors, which they could subsequently use as a launch pad for the consulting services (with partly disastrous consequences as the Enron case showed).⁶⁰ On the other hand, the increasing computerisation of auditing and accounting familiarised these firms very early on with large-scale IT systems. As these systems became more and more important for the organisation and governance of economic practice in general, they could offer the services of their experts.

The growing importance of IT for economic organisation has more recently led to the emergence of large IT-service corporations such as Electronic Data Systems (EDS) and Computer Science Corporation (CSC) as important players in the field. They have begun to compete with the big consultancies particularly in the area of external IT provision or IT outsourcing. In addition, hardware manufacturers such as International Business Machines Corporation (IBM) have successfully expanded into management consulting as a way of countering the decreasing profit margins of their traditional business.

The fact that the new generation of consultancies increasingly takes up the top-ranks of the consulting field does not mean, however, that the traditional strategy-and-organisation consulting is disappearing. Rather, it appears to be increasingly embedded in the provision and/or implementation of information and communication technology. This is also reflected by a number of acquisitions, e.g., A.T. Kearney by EDS, PriceWaterhouse Coopers by IBM. As Armbrüster and Kipping (2002) argue, IT-embedded consulting also responded to

⁵⁹ Arthur Anderson accountants and consultants were key figures in the catastrophic demise of the (virtual) energy giant Enron. They were largely responsible for the corruption, forging of documents etc. whose discovery caused the collapse of Enron and, as a consequence, that of Arthur Anderson (cf. *The Economist*, 12-08-2001: 61-62). Hence, today's reference is to the 'Big Four'.

⁶⁰ See previous footnote.

the growing dissatisfaction of clients with the traditional advice-only consulting services. Increasingly, consultants became to be expected to seriously commit to their analytical recommendations by actually implementing them. IT-embedded consulting does deliver precisely that, either by combining more conventional advice services with planning and preparing organisations for subsequent implementations of IT systems, or by advising clients as to the profitability of outsourced arrangements that might be subsequently realised.

5.4. The Management-Consulting Dispositif: Discourse and Practice

These third-generation consultancies – or, as they have begun to call themselves, *professional service providers* – have become substantial and sometimes overwhelming competitors for the traditional organisation-and-strategy consultancies. Their development represents a shift in the practice of management consulting that would merit an analysis in its own right. However, in the present context – and this has been stressed above – the development of management consulting is interesting in so far as it is able to reflect changes in the contemporary practice of economic organisation *per se*. The previous section has outlined the rise of the industry to ubiquitous practice. Taking into account that to the large corporate second and third generation consultancies one has to add a significant amount of specialised and niche consultancies as well as networks of independently operating coaches, it seems indisputable that management consulting today constitutes a pervasive practice that cuts across the economy. Some highly critical voices from the realm of established economics have even begun to refer to management consulting as a “virus” that has infected the organisation of global economic activity (Sorge and Witteloostuijn, 2004). In spite of being very dismissive, their account of the consulting industry is rather instructive:

“Organizational change has ... become the *raison d’être* of the consultancy and management professions. The worldwide consultancy industry flourishes with its permanent drive for change in its client community. An organization is often poorly equipped to develop and implement a change project without outside assistance. An outsider can fulfil a large number of useful functions: introduc-

ing new insights or external experience, providing external legitimacy, or helping to break internal resistance. The consultant may play the role of devil's advocate, exposing the client's weaknesses or articulating and sharpening her view of utopia. Moreover, whenever a change process turns into failure, the (un)skilful consultant may be targeted as the bogeyman. He or she thus has a role in a combination of functional, practical, or conceptual inputs with legitimacy effects, a combination that may be more or less lopsided or conflictual. After a failure the organization must close ranks and face a new future, led by new doers and different consultants. Whether change was a success or a failure, it breeds a new demand for change, for the absence of change is a deficiency. This leads us to the conclusion that the involvement of consultants is self-sustaining once it has set in" (ibid: 1207).

Management consulting is understood here as a self-perpetuating practice effectively implementing what with reference to chapter 3. (section 3.7.) could be called a *practice of organisational reflexion*. Statements to the effect that "[c]onsultants are not only traders in ideas ... but in ideas that have consequences and take shape as management practices" (Fincham and Clark, 2002-3: 8) grasp this development only partially. What has happened since the 1980s is that management consultants have transformed from "traders in ideas" to *traders in practice*. Management consulting has become a practice cutting transversally through the entire field of economic organisation. Richard Sennett's recent work acknowledges that by approaching consulting in terms of an "essential ingredient" (2006: 56) of contemporary organisation. He describes the work of consultants as follows:

"In principle, consultants are meant to provide objective advice and strategy; in practice they do the painful work of reorganizing activities through the peripheries of the organization - forced retirements, abolition of departments, new duties for employees who survive" (ibid.).

Although Sennett's remark may be driven by an ethical rejection of the work of consultants, his critique nonetheless confirms the increasingly practical dimension of management consulting. Sennett's comment suggests a (although treacherous) flattening out of the consulting discourse onto a (dirty) practice.

Neither Sennett's ethics nor the economists' scepticism is of particular interest at present. Rather, what their comments help one to understand is that both, the

discourse of management and the task of organisation converge onto the ubiquitous practice of management consulting. Perhaps one could even say that contemporary management consulting amounts to an ontological intensification of discursive hegemony: the discourse gets absorbed into the management-consulting *dispositif* which acts as the comprehensive authority on organisation throughout the entire economic field.

Understanding management consulting in those terms allows the analysis to take the discursive content of consulting seriously while retaining its focus on the ontological dimension of capitalism's contemporary transformation. The insight that the practice of consulting includes a discursive field of academic and para-academic statements, theories, instructions, etc. can then be methodologically exploited without necessitating theoretical concessions. This implies an understanding of management discourse as providing an epistemological layer supporting the practice of management consulting (Werr, 2002; Legge, 2002). Discourse and practice are approached as equally feeding into the *management-consulting dispositif* whose business is the *organisation of economic organisation*.

5.5. Research Design

This section describes the empirical approach that has been adopted as a consequence of the methodological reflections above. The task at hand is to utilise the *management-consulting dispositif* in such a way that potential tendencies toward vital organising can be empirically exemplified.

The emphasis that the previous sections put on the *practice* side of the management-consulting *dispositif* suggests that the empirical analysis cannot be limited to textual research. If management consulting has indeed become pervasive practice – a layer that cuts transversally throughout the entire economy – then much of the immediate expertise on today's tendencies and trajectories in economic organisation must rest with consultants. Therefore, it seemed apposite to turn to consultants directly in order to cover the practice side of the management-consulting *dispositif*. In methodological terms, interviews seemed to offer the appropriate research technique. As the literature on research method fre-

quently stresses (Fontana and Frey, 1998; Silvermann, 1997), interviews offer the researcher an opportunity to obtain rich descriptions of the interviewees' life-world. In the present context this translates into a chance to detect empirical developments in economic organisation that articulate capital's morphopoietic transformations through vital organising. For this purpose the interviews were loosely structured around the question of whether the interviewees' work experience enabled them to identify significant changes with regard to the current practice of economic organisation. This orientated the interviews on the question of organisational practice while simultaneously keeping them open enough to accommodate the interviewees' expertise. The latter was expected to vary substantially not least due to the increasing differentiation of the professional field that went hand in hand with the growth of the industry.

Approaching professional management consultants as informants raised a number of difficult issues. Prominent among them was the question of power. Management consultants tend to be powerful professionals who actually 'move' things, i.e., whose everyday task is to change the way their clients work. They are indeed prototypical business women and men who are generally paid - and rather well at that - for disclosing their expertise. Hence, if contacted by a graduate student who does not even come from one of the famous business schools, there is not much of an argument in favour of agreeing to an interview other than their personal benevolence. The situation is made worse by the fact that their work tends to entail a lot of pressure as well as short deadlines.

In anticipation of such an unpropitious situation, the rather high amount of circa 300 email requests was sent out, generating about 60 responses. Half of these responses then led to a meeting, thus setting the number of actual interviews at 30. The interviews were held in 19 companies which means that sometimes two consultants were interviewed within the same company, in one case there was even a third interview. In those cases, the positions held by the interviewees differed substantially. The interviews were conducted between autumn 2003 and spring 2005. They took place in London, Europe's highest density management consulting cluster (cf. Keeble and Nachum, 2002). However, as

this industry tends to operate in a global context, the geographical dimension should be seen in terms of methodological convenience rather local specificity.

All interviews were conducted face to face. They were recorded – with the exception of one interviewee not granting permission to do so – and subsequently transcribed. Most interviews took place at the interviewee’s offices while only a few preferred to meet at a public location (café, etc.). Interviews lasted 45 minutes to an hour.

The table below provides a list of the interviewees. The left column lists the companies while the right column lists the function and, where applicable, the area of expertise of each interviewee. Both columns are alphabetically arranged in order to protect the anonymity of the interviewees.

COMPANY	FUNCTION/FIELD OF EXPERTISE
Accenture (consulting, technology and outsourcing services)	- associate, human resources management - consultant, human resources management, career management
AT Kearney (global management consulting)	
ATOS Origin (information technology services, consulting, outsourcing)	- consultant, people strategy - director
Boston Consulting Group (global management consulting)	- director city office - director employee engagement
BDO Stoy Hayward (audit, accounting, business services)	- director global finance - director human performance
Diamondcluster (international management consulting)	- director marketing and public relations - director global strategy human resources services
Electronic Data Systems (EDS) (business and technology solutions)	- director UK incubator program - executive consultant, real estate, hospitality and construction
Equaterra (global outsourcing advice)	
Ernst & Young ('big four' accountancy and global professional services)	- executive consultant, human capital, organisation - freelance real estate consultant
Fairplace (human resources consulting)	- freelance real estate consultant
Hewitt (global human resources outsourcing and consulting)	- human resources practice lead Europe - lead consultant, design and development, change management
Hay Group (global human resources consulting)	
International Business Machines Corporation (IBM) (global consulting, technology, outsourcing solutions)	- managing director - managing director UK
McKinsey & Company (global management consulting)	- partner, finance - partner, human resources service delivery, mergers & acquisitions
PA Consulting Group (global management, sys-	- partner, managing director private sector consult-

tems and consulting)	ing
Penna Consulting (human capital management consulting)	- partner, organisational change
PriceWaterhouse Coopers ('big four' accountancy and management consulting)	- partner, people issues
Strategos (executive level strategy advice)	- senior consultant, information technology solutions
Towers Perrin (global human resources consulting)	- senior consultant, business consulting services
	- senior partner
	- senior partner, operations
	- senior partner organisational change
	- vice president, organisational change

As mentioned above, the composition of this sample has been a function of potential interviewees' benevolence and, in some cases, perhaps the misguided belief in free publicity as a result of the interview. Considering that, the breadth of the empirical field that the research was able to cover is significant with regard to both the variety of companies visited and the functions and areas of expertise covered by the research. Thus, in spite of the limited size of the sample, it seemed possible to utilise the interviews to identify tendencies toward vital organising, tendencies that were indeed observed by the majority of interviewees.

The insights generated by this small but instructive – even if not fully representative – sample were supplemented by the analysis of the discursive dimension of the management-consulting *dispositif*. Developments in the discourse and understanding of contemporary organisation were traced in the academic and para-academic literature that surrounds the practice of management consulting. In addition, examples (case-studies) from this literature were used whenever instructive. The combination of these two research strategies put the empirical analysis on a firmer footing.

Finally, and this is a problem that applied to both dimensions of the *management-consulting dispositif*, it is important to stress that the analysis proceeded with extreme caution with regard to the authenticity of the empirical data (Miller and Glassner, 1997). In order to not mistake management propaganda for empirical fact, the effort was made to simply treat all data as strategically motivated. The challenge then became to crystallise out of the multiplicity of

strategic proposals a few vectors potentially indicating tendencies toward vital organising.

5.6. Conclusion: The Empirical Chapters

The methodological approach that led to the formulation of the following three empirical chapters thus consisted of interviews with professional management consultants and a parallel investigation into the discourses surrounded the practice of consulting, including a number of case studies relating to the empirical themes identified in the interviews.

Three main issues emerged from this research:

> A rather general trend toward process as mode of organisation, articulated by the enormous impact of *Business Process Reengineering* (BPR). The latter is an approach to organisation that introduces process-orientation into companies by systematically mobilising state-of-the-art information technology in order to address the problem of functional fragmentation inherent in mechanistic organising.

> A tendency of companies to externalise parts of their organisational edifice, in particular those parts that entail the more repetitive tasks of administrative routine. The present analysis refers to this tendency in terms of *administrative disintegration*. These activities that once sustained the functional structure of mechanistic organising are increasingly isolated from the business process proper with the intention of infusing the latter – through the mobilisation of lived social practice – with new vitality.

> The perhaps most explicit tendency toward vital organising the empirical research locates in the increasing proliferation of *project organisation*. The latter literally shifts organisational form from space to time: project organisation is temporary organisation. It achieves a shift in organisational structure from Euclidean spatiality to the social temporality of lived social practice itself.

Each of these tendencies will be explored in the three subsequent chapters.

6. Introducing Process into the Organisation: Business Process Reengineering

6.1. Introduction

This chapter opens the thesis' empirical analysis with a discussion of a process-orientation that is increasingly introduced into economic organisations. In the interviews conducted for this thesis, the notion that companies should be approached in terms of processes was referred to as a matter of course. Such a taking-for-granted of process-orientation in contemporary organisation is to no small part the result of the spectacular success of a particular consulting product called *Business Process Reengineering* (BPR). BPR, this chapter argues, systematically mobilised state-of-the-art information technology in an attempt to overcome the fragmentation of work-processes that had been caused by the functional differentiation of mechanistic organising. Thus, BPR is discussed in this chapter as a practical method that geared the general automation of organisation toward process.

Section 6.2. outlines the principles of BPR while section 6.3. presents evidence as to its penetration of the economy. In addition to the data provided in section 6.3., a good indicator with regard to the substantiality of the process-orientation in economic organisation can be found in management consulting's own adjustments to a client environment that operates more in terms of process. In other words, if there is in fact a process-tendency in organisation, one could expect to find this tendency reflected in changing consulting products and services. A changed organisational environment makes for changed client requirements thus potentially necessitating adjustments to consultancies' commercial offerings. Adjustments of this kind could indeed be identified in the research interviews. Section 6.4. and 6.5. each report on a specific reaction to the thus changing organisational environment. In addition to delivering supporting evidence for a general process-orientation, the particular product adjustments also illustrate some of the deeper implications of BPR's anti-mechanistic transformations. Section 6.6. then turns to the multi-national household appliances corporation Whirlpool as a concrete case of BPR. Section 6.7. concludes the chapter by relating its findings to the notion of vital organising.

6.2. Business Process Reengineering: Concept

Business Process Reengineering (BPR) is an approach to organisation that emerged in the late 1980s as an attempt to link the increasing office automation – a phenomenon that had advanced throughout the decade (Harris, 1987) – to a process-orientation in organisation. As business gurus Thomas Davenport and James Short (1990) put it then:

“Companies increasingly find it necessary to develop more flexible, team-oriented, coordinative, and communication-based work capability. In short, rather than maximizing the performance of particular individuals or business functions, companies must maximize interdependent activities within and across the entire organisation. Such business processes are a new approach to coordination across the firm; information technology’s promise – and perhaps its ultimate impact – is to be the most powerful tool in the twentieth century for reducing the cost of this coordination” (1990: 12).

This signals a certain awareness of a productive potential that the modern, functionally differentiated organisation is ill-equipped to access. The “flexible, team-oriented, coordinative, and communication-based work capability”, these authors argued, could only be mobilised through the introduction of a process-approach to organisation, based on a systematic application of information technology (IT). One should note, however, that the canonisation of the notion and method of BPR was the contribution of management gurus Michael Hammer and James Champy. Not unlike their predecessors, they presented BPR as a method that allowed for the introduction of process-orientation into functionally differentiated organisations without having to entirely rebuild the organisational edifice. As Hammer and Champy argued, Max Weber’s “iron cage” (*stahlhartes Gehäuse*)⁶¹ of modern, bureaucratic organisation does not have to be subjected to a meltdown in order to make companies more process-like. According to them, *reengineering* offered a more efficient way of correcting the fundamental error of mechanistic organising which they characterised as follows:

⁶¹ For Weber’s account of bureaucratic power cf. *Economy and Society* (Weber, 1978). The notion of the “iron cage” famously originates in the concluding pages of *The Protestant Ethic and the Spirit of Capitalism* (Weber, 1976).

“Companies take a natural process, such as order fulfilment, and break it into lots of little pieces – the individual tasks that people in the functional departments do. Then, the company has to hire all the king’s horses and all the king’s men to paste the fragmented work back together again. These king’s horses and king’s men have titles such as auditor, expeditor, controller, liaison, supervisor, manager, and vice president. They are simply the glue that holds together the people who do the real work – the credit checkers, the inventory pickers, the package shippers. In many companies, labor costs may be down, but overhead costs are up – way up. Most companies today, in other words, are paying more for the glue than for the real work – a recipe for trouble” (1993: 32-33).

The problem in Hammer and Champy’s assessment is that the structures of modern organisation have led to an inadequate fragmentation of what they take to be the “natural process” of work. The root of this problem, they argue, is that organisational structures “today consist of silos, or stovepipes, vertical structures [that are] built on narrow pieces of process” (ibid.: 31). In other words, the modern, functionally differentiated organisation imposes a predetermined structure on the process of work which results in the quasi-disappearance of the latter: it is broken up into a sequence of independent tasks that must retroactively be ‘glued together’.

What makes BPR’s critique of modern organisation so instructive in the context of this analysis is that they engage in a critique of what appears to be a business-studies version of the notion of mechanistic organising that was presented in the introduction as a contrast to vital organising. Notwithstanding the conceptual differences, what is assumed by both versions of mechanistic organising is that a process is broken up by the imposition of a Euclidean (here: functional) structure, hampering the actualisation of the potential inherent in this process for the sake of a preconceived metric (or at least rigid) order. Hammer and Champy do not of course refer to a ‘creative social process’ on which these structures are imposed but instead speak of a natural process of work. The latter will (re-)emerge, they argue, as soon as a company approaches its operations from a non-functional perspective that can be opened by the systemic application of IT. This would enable companies to overcome some of the mechanistic limitations inherent in functional differentiation, thereby unlocking the “more

flexible, team-oriented, coordinative, and communication-based work capability” that Davenport and Short referred to in the above quote. The central task of organisation would thus shift from mechanistically assembling work processes out of structurally pre-determined pieces to providing a facilitating edifice within which these processes can more immanently evolve. The fascinating question arising from this argument is whether BPR did indeed lead to a practice that can be seen as a step toward vital organising.

6.3. Business Process Reengineering: Evolution

BPR was as taken up by many a company and propelled Champy’s *Computer Science Corporation* (CSC) to become one of the largest consultancies worldwide. According to a comprehensive survey by Willcocks (2002), the BPR peak occurred in the mid 1990s. Although not uncritical of the practice, this author reports a high level of BPR in the 1990 as suggested by a number of surveys:

- > a 1993 survey by Deloitte and Touche found the average Chief Information Officer involved in 4.4. Reengineering projects;
- > a 1992 UK survey of Times Top 100 companies found nearly two-thirds claiming to have adopted process innovation;
- > a 1993 survey by PriceWaterhouse among several hundred client companies showed that 69 percent had undergone some form of BPR;
- > another, more random-based 1993 survey in Britain showed that 27 percent of all respondents were undergoing or had completed BPR programs (ibid.).

These surveys suggest a rather systematic invasion of economic organisation by the theory and practice of BPR. What they do not specify is of course the question of how radical or economically sensible these projects reengineered the respective companies. In fact, the commercial success of BPR has provoked strong criticisms from the side of economists. Sorge and Witteloostuijn (2004) for instance oppose BPR on the grounds of it lacking foundation in economic science. This is instructive in so far as it might articulate a departure of economic practice from the principles of economics. In any event, despite their critique these

authors cannot but concede BPR's enormous impact on the practice of economic organisation:

"The necessity of permanent quality improvement... had just penetrated the western business world in the 1980s when business process re-engineering became unstoppable in the 1990s. Michael Hammer's and James Champy's pamphlet was just a first step in BPR's conquest of the world. Fair enough, change is constant. Living entities change all the time and their intensity of adaptation through change guarantees longevity. No wonder that everything which relates to change management finds a ready worldwide market in organizational life. Only a few private and public organizations have *not* passed through a number of change processes in the past decade" (Sorge and Witteloostuijn, 2004: 1206).

Thus, even for these fierce critics of BPR, it seems to be beyond doubt that a large number of organisations in the western world have gone through BPR and similar processes.⁶² This is precisely what is significant for the present analysis: via BPR, a process-orientation has been introduced into economic organisation and this has happened to a substantial extent.

At this point it seems apposite to inquire into the actual proposition of BPR. This can be done by turning to the essential tool for the implementation of BPR, i.e., the so called *Enterprise System* (ES). An Enterprise System – also commonly referred to as *Enterprise Resource Planning System* (ERP) – is a software solution that promises the seamless integration of all the information that circulates through an organisation: financial and accounting information, supply chain information, human resources information, and customer information. ES are integrated software systems that support not individual functional areas but complete business processes. The already quoted Davenport provides the following ideal-type definition of ES-based BPR which will be quoted *in extenso*:

"A good ES is a technological *tour de force*. At its core is a single comprehensive database. The database collects data from and feeds data into modular applications supporting virtually all of a company's business activities – across functions, across business units, across the world... When new information is entered in one place, related information is automatically updated. Let's say for example, that a Paris-based sales representative for a U.S. computer manufacturer prepares a quote for a customer using an ES. The salesperson enters some

⁶² Prominent examples would be *Total Quality Management* and, more recently, *Six Sigma*.

basic information about the customer's requirements into his laptop computer, and the ES automatically produces a formal contract, in French, specifying the product's configuration, price and delivery date. When the customer accepts the quote, the sales rep hits the key; the system, after verifying the customer's credit limit, records the order. The system schedules the shipment; identifies the best routing; and then, working backward from the delivery date, reserves the necessary materials from inventory; orders needed parts from suppliers; and schedules assembly in the company's factory in Taiwan.

The sales and production forecasts are immediately updated, and a material-requirements-planning list and bill of materials are created. The sales rep's payroll account is credited with the expense of the sales call. The actual product cost and profitability are calculated, in U.S. dollars, and the divisional and corporate balance sheets, the account-payable and accounts-receivable ledgers, the cost-center accounts, and the corporate cash levels are all automatically updated. The system performs nearly every information transaction resulting from the sale" (1998: 123).

Clearly, the purpose of an ES is presented here as streamlining an organisation's data flows and providing management with direct access to a great variety of real-time operating information. In this ideal-type example, the business process flows indeed without being 'artificially interrupted' by the structural breaks of functional differentiation. This is not to argue that the ES poses an immediate threat to the functional structure of the organisation although this is precisely what Hammer and Champy claim to happen as a result of BPR (cf. 1993: 69). What the example illustrates, however, is the decisive role of IT for BPR's re-integration of work processes. The importance of IT had already been emphasised in Hammer and Champy's original intervention. According to the authors, BPR is predicated on the "disruptive power" of information technology as it encourages companies to equip themselves with a blank sheet of paper, map out their core activities and consider which processes are in place and needed to be in place to deliver them effectively. As Hammer and Champy argued, IT offers a 'medium' within which the approach to organisation could switch from deduction to induction. What they meant by that was that rather than understanding technology as a tool for solving existing problems, it could be used to redefine the problem *per se*. As they put it, "throwing computers at an existing business problem does not cause it to be reengineered" (ibid.: 87). Instead, the pivotal role of IT in BPR was based on its ability to "break rules that

limit how we conduct our work" (ibid.: 95), to reinvent the organisation by starting inductively from the possibilities that IT opens for the business process:

"It is this *disruptive* power of technology, its ability to break the rules that limit how we conduct our work, that makes it critical to companies looking for competitive advantage" (ibid.: 95, emphasis in the original).

Irrespective of the sensationalist language of Hammer and Champy, their argument regarding the disruptive the power of IT seems to be sensible in so far as Davenport's above example is rather difficult to imagine without the extensive digitisation of the entire business process. What the BPR movement in the 1990s appears to have achieved is the mobilisation of IT's disruptive power for the sake of a more integrative business process. BPR and ES amounted to the introduction of a process-orientation into the edifice of the functionally differentiated company. They represented a concrete method of mobilising the general informatisation of capitalism (cf. Castells, 1996; Lash, 2002) for the sake of overcoming some of the limitations inherent in mechanistic organising. That "Information Technology (IT) has become the engine that drives the modern organization" (Dibbern et al., 2004: 6) is certainly a truism but, with regard to BPR, it is a rather significant one.

Hardt and Negri (2000) have commented on the informatisation of capitalism's infrastructure by emphasising its immanent character. They argued that "[t]he novelty of the new information infrastructure is the fact that it is embedded within and completely immanent to the new production processes" (Hardt and Negri, 2000: 298, emphasis in the original). In the light of Davenport's above example, this statement makes immediate sense. The computer sale depicted there seems to carry its own organisation digitised within itself. The mechanistic structure of the organisation remains of course existent but it recedes into the background in order to let the coherence of the business process emerge. However, this does not imply that BPR in itself amounts to vital organising in the sense that has been discussed in the previous chapters. From what has transpired so far, all that can be assumed is that BPR – if implemented successfully – leads to an IT-enhanced process-orientation.

6.4. Adjusting to BPR 1: The Case of Job Evaluation

In this section and the next the analysis turns to some effects of BPR in so far as they are reflected by the manner in which the consulting industry was required to adjust to an increasing process-orientation in the practice of economic organisation. This offers an opportunity to assess the rhetorical claims of BPR against the reality of changed market conditions for management consulting products and services. Depending on the quality of the necessitated product and service adjustments, it might be possible to obtain empirical evidence as to the question of how to understand BPR with respect to the notion vital organising.

The introduction to this chapter referred to consultant's tendency to treat the increasing process-orientation in organisation as a matter-of-course. One of the interviewees, a consultant with over thirty years professional experience, referred to "the great wave of Business Process Reengineering" which supposedly entailed "totally new organisations: we are all going to be like West-coast internet companies" (C20). Her particular field of work has always been human resources (HR). It is from such an HR perspective that she comments as follows:

"I've seen this going on. So you sit there, on the one hand, and think the changes are massively overstated; and sometimes you sit there and think they are massively understated" (C20).

However, in terms of her experience of the "great wave of BPR" she can be more specific. The following comment is a direct reflection on how BPR has influenced her work in the 1990s:

"The interesting point about it was that we spent quite a lot of time thinking about organisational *forms*. C [her former employer] has a product in job evaluation called ... Job Evaluation. It is a points-method job evaluation system which was designed to be able to evaluate and set up remuneration structures around jobs. During this period, our major interest became of course: Do jobs still exist in the way they used to?" (C20, emphasis added).

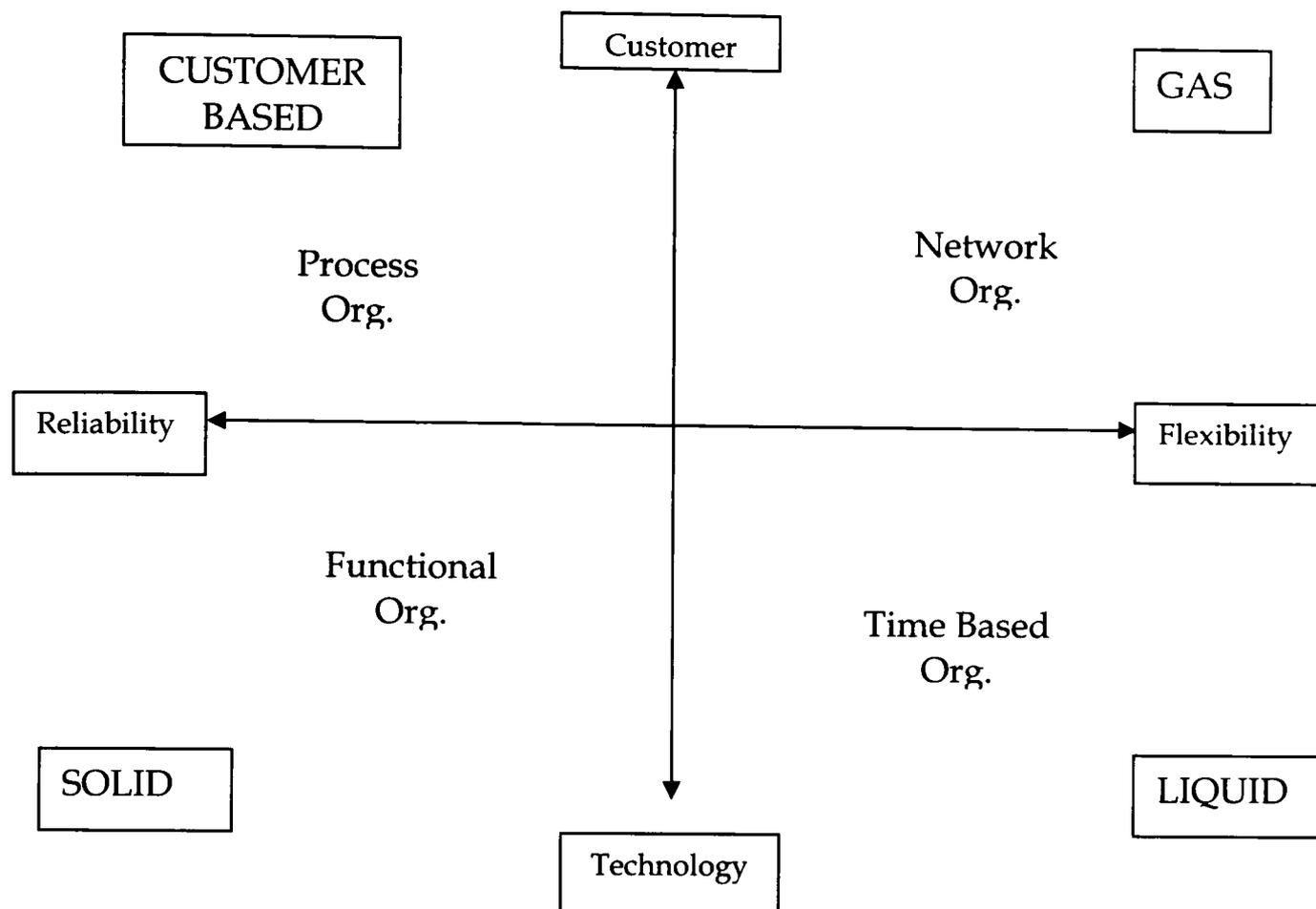
Although she clearly expressed her scepticism as to the grandiose claims of BPR rhetoric, she was equally clear about the real transformation of organisational

practice which it entailed. What is interesting about her assessment of this transformation is that she addresses it in terms of a change in organisational form thus raising an issue that is central to the notion of vital organising. According to her, there has indeed been a shift away from rigid organisational form which necessitated a substantial amendment of the job evaluation system that her consultancy offered at the time. The problem of this evaluation tool was that it had become too rigid as a result of the changing requirements of organisations. It provided an analytical tool categorising white collar work in terms of *know how* (technical know-how required to do the job), *problem solving* (“brain power you apply, in a way the process in which you process that knowledge” [C20]), for an output which is called *accountability*. According to her description, in modern, mechanistic organisations the properties of know-how, problem solving, and accountability were hierarchically distributed. Superiors had greater thinking challenges than their inferiors, and were accountable for more. Due to the increasing process-orientation of organisations – which for her was clearly synonymous with “the great wave of BPR” – the job evaluation system that was calibrated on mechanistic organising started to become obsolete:

“As you got these more fluid organisations, people said this job evaluation stuff is crap. Two things: one, these jobs are not boxes anymore, these are people and people make jobs, and the second point is that hierarchies don’t work like that anymore” (C20).

What makes the comments of this consultant so instructive is not only that she affirms the emergence of an organisational tendency from fixed form toward more dynamic process but also that she puts this change into an interesting perspective. Depending on the marketability of the consultancy’s evaluation method, she and her colleagues could neither afford to fall for the commercial enthusiasm of the BPR proponents nor to be left with an obsolete product. Hence, the adjustment of the product had to correspond to the reality of organisation at least to such an extent that clients could be convinced of its utility. What they eventually produced was a model that assumed organisations to be

changing at different speeds. In order to illustrate such a model, the HR consultant provided the following chart:



The chart represents a sort of matrix of contemporary organisation marking four ideal types of organisation: functional, process, network, time-based. The vertical axis represents the organisational capacities between reliability and flexibility whereas the horizontal axis seems to map what might be called organisational aptitude (technology-focus versus customer focus). The four boxes (solid, customer based, gas, and liquid) differentiate the modes or forms of organisation. Although this chart suffers from a certain lack of coherence, this is how the consultant explains its function:

“There are a lot of HR things that flow from that. What this is saying is that this (*Functional Org.*) is still an organisation that has boxes and lines and reporting structures. They tend to be organisations where you get pay increases when you are promoted. The traditional model if you will. For this (*Process Org.*), call centre environments would be a prime example, where you have a degree of flexibility in working because what you want to do is for example to extend your capacity to deal with customers while ensuring that somebody reliably

gets the same service every time.⁶³ What you do find in these environments is bigger teams, concern about time-working etc., you often get much flatter organisation structures because, actually, the customer is there and often you are looking for people who are supervising large teams who deliver directly to customers. The vast majority of people who may work in those environments will not be promoted to anything. In *time-based* organisations you are in old hierarchies with boxes – you just don't work like that because you put a team together, they got the technical competencies, they are leveraging your knowledge and technology but they work flexibly. And the projects may go on for some time, they may have different stages, etc. Most people, however, are still inside the organisation... *Networks* are often virtual organisations; they don't exist at all, really. These are a group of freelancers, sometimes, put together to meet customer need. This technology-customer axis doesn't work very well, cause everybody is customer focused these days but in effect the value here is often – in our R&D research in [client X] – that you have a very big embedded technology or know how base in your organisation" (C20).

Rather than adopting the rhetoric of ubiquitous change as offered by the proponents of BPR, this HR consultant engages in a rather sober analysis of organisational change and continuity. The resulting four-dimensional matrix is able to accommodate both the tendency toward process organisation and even virtual organisation while simultaneously being able to cater to organisations that adhere to a more conventional model. And this is of course what she had to do given that what was at stake was one of her company's most important commercial offerings:

"Interestingly enough, this has been quite a useful model for thinking about organisation because the other problem is that in a large organisation you got all of them. So if you are in GlaxoSmithKline or BT you've got each of these, including people you bring together temporarily. The question I reflected on is what drives you to different sorts of organisational forms and how do people understand those" (C20).

The shift away from mechanistic organising thus compelled this consultant and her colleagues to amend their job evaluation tool in order to capture the different dimensions of organisational development. It is not possible here to assess the success of the new model. However, the crucial insight for the present

⁶³ As her example shows, this notion of process refers to a very specific organisational form and should not be confused with the notion of process as it is used throughout this chapter.

analysis does not depend on the success or failure of the model. Instead, what is decisive is that the process tendency in economic organisation – initiated under the label of BPR – was real enough *to generate commercial responses* such as the one described above.

6.5. Adjusting to BPR 2: The Case of Organisational Branding

The increasing process-orientation that BPR injected into the edifices of mechanistic organising does not by itself signal the advent of vital organising. Vital organising has been defined above as a mobilisation of lived social practice by way of organisational *overflexion*, i.e., the flattening of organisational form onto the creative social process itself (cf. section 3.7.). This question is: Does the problematisation of organisational form that BPR entails according to the above-cited HR consultant already indicate such a folding of form onto the creative social process? Does the IT-induced process-orientation provide clues as to such a becoming immanent of organisational form with respect to lived social practice?

In order to answer this question, it is necessary to deepen the analysis of changing organisation structures as a result of BPR. This can be done by turning to this vice president (US title for partner) of a large global consultancy who provides an instructive assessment of the impact of BPR:

“Let us take reengineering. We had all these functionally organised companies and then along comes reengineering, claiming that if you just organise this way what you can do is cut across the silos and you can really deliver powerful performance to customers. Which has got to be true! So, that is great, that is a solution. However, what you loose is your functional excellence. So who is your keeper of keys around HR excellence, marketing, manufacturing excellence and so on when you cut across an organisation... Fluidity adds permeability gives you stock price growth which is a great thing, it gets you a great increase in innovation and potentially in customers if it is done well. So what does it loose you? It looses you rigidity and structure and organisational coherence. I think that is why we have seen a fall back to some very core issues around values ... That is the kind of glue that holds the corporation together. The glue comes from the values, core values of the company. [Company name] used to say we train people in brand values and then we allow them freedom to act. They would train them in a kind of virtual container in which to operate. The resil-

ience is not held by the hierarchy and the organisational boundary anymore" (C2).

This consultant draws attention to the fact that while BPR is integrative in so far as it enables the business process to "cut across an organisation", its effects can also be rather disintegrative in terms of "organisational coherence". BPR is seen here as potentially destructive with regard to social capital. The latter is understood in terms very similar to those discussed in chapter 2. (cf. section 2.2.2.). The discussion there took its lead from a critique of Kogut and Zander's (1996) approach that conceptualised identity as a molar fact that can be transcendently imposed on a social multiplicity. What the above vice-president draws attention to in relation to BPR is precisely the loss of this kind of identity formation that could be understood as a function of belonging to a functional 'container'. However, as she suggests, the functional identity formation of the Euclidean structure is now being replaced by "values" as "glue that holds the corporation together". What she alludes to in terms of glue seems to involve a more open process of identity formation. The actual containers of Euclidean structure give way to the "virtual containers" of brands and values. The reference to brands as "virtual containers" is very instructive because it articulates an understanding of organisational 'identity' formation in terms of singularity rather than actual, self-identical form.⁶⁴ In chapter 3. (section 3.5.2.), an *intensive* understanding of morphogenesis was discussed utilising a notion of *singularity as virtual structure of differences* that guides the actualisation of 'individual' form. The vice president's reference to "virtual containers" in relation to organisational formation implies a strong notion of singularity. Employees are trained in a variety of "values", which together make up the virtual structure of the brand that is supposed to guide their behaviour as employees. This proposes the replacement of an actual, Euclidean structure of disciplinary moulds by the vir-

⁶⁴ The reference to brands as formative of a virtual or intensive organisational structure might also be seen as rather confusing. Brands are usually understood as structuring market exchange rather than the interior of companies. For British sociologist Celia Lury for instance, "*the brand mediates the supply and demand of products through the organisation, co-ordination and integration of the use of information*" (Lury, 2004: 4, emphasis in the original). What is interesting about Lury's seminal intervention is that many of the characteristics she assigns to brands as communicative interfaces can also be found in the present discussion of 'internal branding' (cf. *ibid.*: chpt. 3).

tual structure of a brand that perpetually modulates the company's social resource as singularity (cf. section 3.2.). Such a singular approach to organisation had also been expressed in the already quoted diagnosis that "jobs are not boxes anymore, these are people and people make jobs" (C20). The reference to singularity allows one to grasp the extent to which "people" are indeed "making jobs". The latter seems to involve a constant negotiating between emerging forms of productive (in a comprehensive sense) agency and the virtual parameters of the brand within which this agency should unfold.

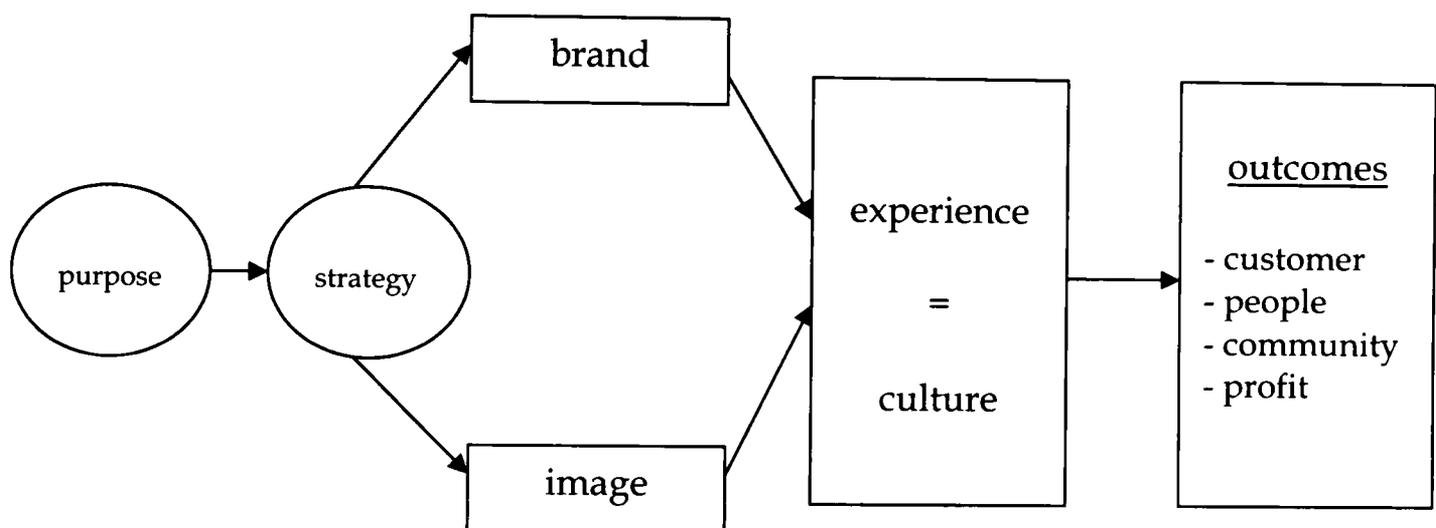
The interviewee who best illustrated how this process – what one might refer to as brand-modulation – operates was the "employee-engagement" expert of a British HR-consultancy. In his assessment, the increasing process-orientation of organisations confronted them with the problem of loyalty or, indeed, engagement. The question he was trying to respond to professionally was 'How to mobilise employees once the organisation's molar, transcendental identity gives way to an IT-enabled process?' He expressed this problem in terms of a potential "breakdown of the psychological contract" to which he saw only one possible answer:

"It is about brand. Brands will stand for something. The brand structure will probably override today's organisational structures... If you want to work with [company X]... you may only chose to work with them in your way because you want to do something, you agree with what they are doing because it is an interesting challenge. And you might work with them and [company Y] or you might just work with them for a couple of years before you go and work with someone else. It is the brand and what it stands for with which you resonate. So the whole concept of what does an organisation stand for is going to evolve to: how do you construct this flexible place where people do what they are doing..." (C1).

Again, the brand is seen as that which can provide organisational coherence in the face of a disintegrating extensive structure. However, this consultant approaches the problem of non-mechanistic organising in terms of "alignment": the brand can only be successful if it has got the intensity to align the experience of employees with the desired performance of the company. As he explains:

“There is a simple model I use. Organisation has a purpose. For instance, our purpose is to cure cancer, or our purpose is to create software that is going to change the world and change the life of people for the better. So this is what we are in business for. So then you have the question: how are you actually going to realise that? Out of that you need to have your *brand* and you need to have, let us say, *image* which is different from brand because brand is about meaning - the reception, the deepness - whereas image is what people think, conceptual reality. You then have your experience of those and it is the experience that will give you your outcomes” (C1).

To illustrate his remarks, the employee-engagement specialist produced the following chart:



This consultant argues that the loss of extensive coherence caused by the departure from purely mechanistic forms of organisation calls for the creation of a virtual structure of brand-values that reflect the culture of a company. If the experience of the employees and the culture of the company are properly aligned, he goes on arguing, an intensive coherence emerges, replacing its extensive predecessor. What the employee-engagement specialist designates with the rather imprecise concept of culture might perhaps become more lucid if it is understood in terms of Schulze’s (2000) notion of “sense routines” that was discussed in the literature review (section 2.2.2.). By sense routines, Schulze meant the relatively stable flow of experiences that give the individual employee a sense of belonging and contributing to the organisation. Approaching the issue

from the perspective of the management-consulting dispositif, organisational branding can be seen as a practical example of Schulze's concept. In process-orientated organisations, sense routines are not *provided* anymore but instead are *induced or evoked* by the provision of an intensive structure of values that aligns the company's social resource with the organisational process. This seems to be what the above model articulates and also the reason why the employee-engagement specialist puts so much emphasis on the issue of alignment:

"If your culture is out of alignment with either the brand or your perception that is what is going to happen: for your employees it is going to be, 'this is what this organisation was supposed to be about but actually, I am cheap labour'. As a result, your employees are either going to hang around, take the money and not care - which all the research says is not very productive - or they just leave" (C1).

Again, some degree of precaution is called for in relation to what is at least in part marketing rhetoric. However, the mere fact that employee-engagement is an important issue for this consultancy can be counted as yet another confirmation of the tendency of organisations to move beyond the practice of mechanistic organising. If organisation had not shifted away from rigid form, employee-engagement would not have become an issue, much less a consulting product. In mechanistic organising, there is no need for engagement measure as the extensive structure simply produces the level of engagement needed. Maintaining that organisational branding represents a departure from the actuality of form that characterises mechanistic organising is of course not synonymous with claiming it to be a clear example of vital organising. What the evidence presented in this section shows, is that there are traces of increasing organisational vitality - intensity, virtuality, singularity - that open a non-mechanistic trajectory of organisational practice.

6.6. Adjusted by BPR: The Case of Whirlpool

Whirlpool

Whirlpool is a US based, multi-nationally operating household appliances corporation that engaged in a comprehensive reengineering project in the late 1990s. They began to integrate their supply chain transaction processing with SAP's popular R13 systems, standardised the company-wide IT systems with SAP and IBM as strategic partners, and integrated their IT systems with their main trading partners. If one is to believe the business press then this BPR effort might indeed have cut Whirlpool's cost and made them more efficient (Arithes, 2005).

However, what makes the company an interesting case in the present context is that as integral part of their general BPR project, Whirlpool also began to reengineer its innovation process (Loewe and Domini, 2006). With reference to the discussion in the previous section, one could say that they built their branded singularity around a theory and practice of perpetual innovation. One of the consultants who were interviewed for this thesis was involved in this process as strategy consultant. He draws attention to the fact that a big appliance corporation is not usually seen as part of the particularly creative industries. "Whirlpool," as he puts it,

"is not generally regarded as a sexy, high-tech business that recruits as many Ph.D.'s as they can get or hire all the MBA's out of London Business School. It is also a business in which it is hard to differentiate" (C8).

Whirlpool is thus rather different from the endemically inventive businesses of the 'new economy' that are usually studied by scholars of creative organisation (Grabher, 2001; 2002, Stark and Girard, 2003, Ross, 2003). Indeed, the homogeneous quality of the products that populate the appliances market does make it difficult to design products that stand out. Whirlpool and its consultants, however, were convinced that this could be changed by implementing a process that makes everyone in the company contribute to innovation. In the words of the interviewed consultant, what they aimed for was "to implement continuous innovation" (C8). According to him, Whirlpool's strategy consisted in the implementation of a business process that could very flexibly facilitate ideas and contributions that had innovative (and valorisable) potential. Management structures that slowed down innovation were re-engineered and SAP's ES infrastructure was used to improve and accelerate the innovation chain from idea to final product.

The key was to encourage many small strategies (or "stratlets" as they are called at Whirlpool) rather than a few big-budget projects. What Whirlpool wanted was an apparatus able to induce, capture and synergise incremental innovations throughout the entire organisation, thus opening the possibility of "multiplying this one or two cent advantage many, many thousand times throughout the organisation" (C8). In order to make innovation an integral part of the business process, people required training, access to expertise and small amounts of 'seed funding', freedom to work on their ideas and a way to share information. This is how the already quoted strategy consultant describes the general outcome of the reorganisation project:

"There is now a fund allocated to new ideas, there is an expectation, there is a target setting within the organisation for the senior executives, there is a certain percentage of business that has to be attributed to innovation each year, otherwise they do not continue to attract the same levels of funding. So there is a positive push at the senior level as well as active encouragement at the junior level. So there are funding

elements, organisational elements, people who are trained: there are tools that people can use at factory level as well as on the senior level" (C8).

In more concrete terms, Whirlpool established leadership teams that included a global director of knowledge management, three regional vice presidents of innovation and regional innovation boards (I-Boards) to set goals, allocate resources, and review ideas for funding. Later, each major business unit also established an I-Board. Twenty-five people from each region were trained to serve as in-house innovation consultants, or I-Mentors:

"In effect, they created their own internal consultants who can help teams all over the world, in all of their regions, to work on generating ideas for innovation. They actually run this kind of process. These folks are trained to help their colleagues, they rotate in and out of this kind of activity, so they are not necessarily in this role forever, they literally have thousands and thousands of people in any given year who are going to be involved in some way and they are encouraged to be involved" (C8).

Innovative involvement is crucially supported by a newly built IT-intranet infrastructure called Innovation E-Space. Technically, Innovation E-Space uses Whirlpools Enterprise System (SAP) to which Lotus tools were added for communication and collaboration. Innovation E-Space starts at the rather fuzzy front end of innovation where random insights are systematically generated and shared to stimulate ideas. There is a home page that links potential innovators to all the tools and resources they need, from insight libraries and innovation templates to the I-Mentors. To quote the vice president of 'leadership and competency creation', there is now "an informal social system that works below the hierarchy level and it uses technology to enable that" (Melymuka, 2004). The back end is formed by I-Pipe, a dashboard view of the innovation pipeline that shows all the projects in each of four stages – business concept, experiment, prototype and scale-up – as well as the incremental revenue that each project might generate (Rivkin et al., 2005). The display is available to all employees via the company's intranet. It does, however, also provide the management with the 'big picture', allowing them to focus on areas in need of attention. A high density of innovations to a particular theme, for instance, can be taken as indication of a more general problem in that area.

Today, this innovation system is fully integrated into Whirlpool's business process. In May 2006, the company had 24 I-consultants and 580 I-mentors in its workforce and 568 innovation projects in development today, including 195 being scaled up for commercial launch. According to *Business Week*, the success of Whirlpools reengineering project is beyond doubt. Since 2001, revenues from products that fit the company's definition of innovative have risen from \$10 million to \$760 million in 2005, or 5% of Whirlpool's record \$14.3 billion in total revenue. Whirlpool's shares have nearly doubled in price over the past five years. In early 2006, Whirlpool took over its onetime archrival Maytag. Moreover, Whirlpool has been visited by delegations from companies such as Hewlett-Packard, Nokia, and Procter & Gamble who seemed to be eager to learn the Whirlpool's lesson in organisation (Arndt, 2006).

In Whirlpool one thus encounters a rather conventional producer of consumer goods that realised the necessity and saw the possibility to implement a process that is able to capture the innovative potential of its employees. The adequate human (management-) technology could be successfully combined with the opportunities opened by the introduction of BPR's ubiquitous IT. The imple-

mentation of an Enterprise System paved the way for the emergence of a virtual superject – a sort of ever-inventive social avatar formed by the company-wide multiplicity of innovative ideas. Based on the IT-enhanced process infrastructure, they installed a platform upon which a social multiplicity can virtually converge. Combined with a more facilitating management style, it provided Whirlpool with an ‘innovation-pipeline’ that overcomes the creative limitations of mechanistic organising. By implementing BPR throughout the company, Whirlpool created the conditions for an unprecedented mobilisation of the inventive capacity of its entire social resource, thereby generating an equally unprecedented wave of original and commercially successful products (for a number of product examples, cf. Arndt, 2006: 53).

6.7. Conclusion

This chapter argued that Business Process Reengineering (BPR) represented an important organisational strategy that utilised the growing capacity of information technology (IT) for the purpose of introducing process-orientation into the mechanistic structure of the functionally differentiated organisation. In order to argue thus, it was first necessary to establish that BPR was indeed as widespread as many of the interviewed consultants suggested. In addition to the provision of appropriate data, the chapter also discussed two management-consulting strategies that represented explicit reactions to the process-orientation that BPR had introduced: on the one hand, a multi-dimensional job-evaluation tool, and on the other hand, organisational branding. Both examples bore witness to a contemporary practice of economic organisation that increasingly departs from the mechanistic imposition of rigid form as its main strategy. In case of the job-evaluation tool, this was articulated by the emerging dimensions of organisational form, notably process, network and time-based organisation. With regard to organisational branding, a tendency toward a virtualisation of organisational structure could be indicated. Finally, the Whirlpool case demonstrated how BPR’s informatisation of organisation can induce the emergence of a virtual social superject of perpetual innovation.

However, it has to be emphasised that in spite of their significant impact on the practice of contemporary economic organisation, none of these developments can be seen as an empirical manifestation of vital organising proper. Although they certainly represent important challenges to the practice of mechanistic organising, they could not be shown to amount to an overflexion of organisational form onto the poietic process of lived social practice. Nonetheless, the emergence of less rigid or even virtual organisational forms (section 6.4. and 6.5) as well as the IT-induced convergence of an ever-creative social multiplicity in cyberspace (section 6.6.) as consequences of BPR indicate a tendency toward a more vital practice of economic organising.

7. The Disintegrating Company:

Externalising Administrative Routine and the Event of Organisation

7.1. Introduction

This chapter extends the inquiry into a potential trajectory of vital organising by turning to the empirical practice of *administrative disintegration*, i.e., the dispersion of those organisational processes that concern the more repetitive tasks of administrative routine. It argues that these processes, that conventionally sustain the structure of mechanistic organising, are increasingly isolated from the core business process in order to be outsourced and transformed into *business support services*. This development is understood as a step toward vital organising in so far as it 'liberates' the core business process from the burden of administrative routine. However, the chapter also draws attention to the rather 'transvital' dimension of administrative disintegration which consists in the concentration of the outsourced support processes within neo-mechanistic environments.

Another empirical trace of vital organising that this chapter highlights with respect to administrative disintegration is an *eventalisation* of organisation: the organisational capacity that was inherent to the outsourced administrative routine is supposed to re-emerge as an event between the core business process and external business support services. The materialisation of such an event of organisation, it is argued, is predicated on the emergence of a dense relational field that has to be sustained by the poietic powers of lived social practice.

However, before turning to the discussion of these tendencies, it is necessary to consider *vertical disintegration* - i.e., the modularisation and externalisation of an organisation's supply chain - as a mode of outsourcing that preceded administrative disintegration, thus preparing organisations and managers for the shift toward the latter. A brief overview of its evolution as well as its contextualisation within sociological discourse is provided by section 7.2. In section 7.3., the analysis shifts to administrative disintegration and introduces the crucial notion of *core competence*. Subsequently, section 7.4. turns to *information technology outsourcing* (ITO) and *business process outsourcing* (BPO) as the two modes of ad-

ministrative disintegration. Section 7.5. provides a coda on offshore outsourcing.

7.2. Vertical Disintegration

Outsourcing as vertical disintegration amounts to a problematisation of organisational boundaries, or, as British economists have recently put it, “just one way in which the boundary of the firm can be adjusted in response to the changing economic pressures” (Lonsdale and Cox, 2000: 444). As such, it is not a new practice. Companies always had boundaries which of course always implied considerations as to where exactly they should be drawn. A senior consultant (Operations) explains:

“I would argue that outsourcing is not a new phenomenon. If you want prove of that, look at the way that Ford was structured in its early days. It used to own forests and ranches, iron mines, steel works, etc. for the supplies for their car. And over time, they gradually got rid of all that and created a supply chain where Ford today essentially does no more than assemble cars” (C25).

The reference to Ford is apposite here not only because outsourcing represents one of the processes that arguably signal the decline of the Fordist production regime but also because outsourcing could be said to have its roots in car manufacturing. In the 1950s, US and European automobile manufactures became very interested in the development of subcontracting networks by their Japanese counterparts. Imitating the successful Japanese model, US and European manufacturers “turned to contracting for the production of motor vehicle parts and subassemblies” (Domberger, 1998: 181). Thus, as Lonsdale and Cox (2000) remind their readers, in this early practice of outsourcing the subject of externalisation was the company’s supply chain. The latter can also be seen as an organisation’s vertical axis of production which is why this type of outsourcing is commonly referred to as vertical disintegration. Nike, of course, remains the global icon of this development, outsourcing its entire output to 900 contract manufacturers worldwide, generating revenues in excess of US\$ 10.000 Billion (Cronin et al., 2004).

'Contract manufacturing', as this form of outsourcing is also called, has become widespread practice in a variety of sectors. Pharmaceuticals, semi-conductor and, above all, information technology firms are outsourcing at least parts of their manufacturing (Langlois, 2003). Many IT companies, for instance, followed early pioneers such as IBM and Hewlett-Packard and transformed themselves into so-called 'Original Equipment Manufacturers' (OGMs), selling finished goods under their own brand name while parts and components of these products are in fact produced by 'Electronics Manufacturing Services' like Sanmia-SCI and Solectron. One of the reasons for this development has been technological differentiation. The costs of remaining up to date throughout the variety of supply chain activities seem to have become prohibitive for organisations.

7.2.1. Sociological Approaches to Vertical Disintegration

This subsection discusses a number of important attempts to conceptualise the trend to vertical disintegration within sociology. Here, the perhaps most authoritative approach comes from Manuel Castells (1996). As he argues, due to increased technological complexity, large companies find it increasingly difficult to sustain the necessary competence across all areas of their traditional involvement which drives them toward vertical disintegration as "the only possibility of sharing costs, and risks as well as keeping up with constantly renewed information" (ibid.: 187). Castells aims for a systematic understanding of vertical disintegration in his famous notion of the "network enterprise" (Castells, 1996). The network enterprise is a disorganised organisation in the sense that it has lost its predetermined structural form. It is an organisation that has abandoned the characteristics of a formal organisation in so far as its purpose is not the reproduction of its existing form. The network enterprise is light and agile: it shapes and reshapes according to its changing goals and environment. And it is able to do so precisely because it is a *network* enterprise, i.e., a kind of enterprise "*whose system of means is constituted by the intersections of segments of autonomous system*" (ibid.: 187, emphasis in the original). The reason why such a network enterprise is able to function nowadays is that there are informatised

control systems – such as the enterprise system (ES) discussed in the previous chapter – that allow the administration of a large quantity of modules that make up the external supply chain. The ideal type of this kind of arrangement Castells believes to be *Cisco Systems*, a US based ‘producer’ of internet equipment that outsources almost its entire supply chain. The latter is made up of a network of more than 120 companies that interface on a Cisco-managed internet-platform which simultaneously serves as the customer facing website, presenting Cisco’s seamless products and services (Castells, 1996: 180-188; Ohmae, 2000: 100-103). The Cisco model – which is by no means confined to the IT industry and whose East Asian roots are explicitly discussed by Castells – thus exemplifies a new breed of companies whose lack of form leads to a displacement of organisational structure. The IT-enhanced process-orientation seems to override organisational form or at least locates form in the periphery of the business process. A company such as Cisco does not organise in the sense of structuring a space but rather manages a topological process. Accordingly, the factors that determine its performance are radically different from the ones that distinguished the functional differentiation of the integrated company. They are:

“its *connectedness*, that is, its structural ability to facilitate noise-free communication between its components; and its *consistency*, that is, the extent to which there is a sharing of interests between the network’s goals and the goals of its components” (Castells, 1996: 187, emphasis in the original).

This emphasises that once organisation is based on connectedness and consistency, it is less based on formal confinement. Instead of imposing Euclidean structure on a well defined space, organisation becomes reliant on relationality. Here the challenge is no longer to punctuate functional differentiation through the introduction of a strong process orientation (as it was in BPR) but radical disintegration.

Powell (2001) has also recognised this tendency and accordingly understands vertical disintegration as integral part of an emerging new logic of organising that he has identified in the tripartite shift toward project organisation, flatter

networks, and intensified technological isomorphism. Vertical disintegration in the form of partnering, joint ventures, alliances, or outsourcing is seen as an important driver that challenges Williamson's classical dichotomy between markets and hierarchies. Companies move away from an integrated model of organisation, away from doing everything in-house and toward a more open and collaborative arrangement that cannot, however, be sufficiently understood in terms of pure market transactions. In Powell's assessment this disintegrative movement should be seen as

"an effort to reshape the contours of production by relying more on subcontractors, substituting outside procurement for in-house production. The subcontractors work under short time frames, provide considerable variety of designs, spend more on R&D, and deliver higher quality, while the 'lead' firm affords reciprocal access through data-sharing and security through longer-term relationships" (Powell, 2001: 59).

Vertical disintegration, it is argued, allows companies to keep up with rising levels of technological complexity while the resulting network structure increases the original organisation's "absorptive capacity" (ibid.: 59), i.e., the range within which a company is able to appropriate critical resources. The resulting networks are in fact virtual organisations that are able to 'learn' in so far as they change their business process according to changes in the environment.⁶⁵ Virtual organisations run on the principle of "co-competition" (Priddat, 2002), i.e., an operational structure based on the duality of cooperation and competition because they are task orientated. The task model is what engenders the polarity between cooperation and competition. Such an arrangement has the advantage that the cost of unavoidable cooperation failures can be externalised (according to the power a given organisation holds within the arrangement). Vertical disintegration is here understood in terms of "organisational dissipation" providing organisations with the ability to spread out (Powell's "absorptive capacity") while being 'light' enough to change their topology in accordance with environmental - i.e., market - requirements.

⁶⁵ Cf. section 2.2.2. on the "learning organisation" in the literature review.

7.3. From Vertical to Administrative Disintegration

In the late 1980s the practice of outsourcing began to change. Its focus shifted away from vertical disintegration, turning toward the area of organisational practice. Companies began to increasingly outsource support activities such as facility management. According to a UK survey, 75% of companies were involved in outsourcing of support activities in 1997 (Cox and Lonsdale, 1997). From these margins of the organisation, however, outsourcing began to close in on the very organisational structure of the company. Today, the fastest growing market for outsourcing has not much to do with the supply chain anymore but everything with organisation *per se*. Functions that were until recently considered to be an integral part of any given company have now become mobile: IT, accounting, financial services, payroll, human resources management (HR), etc. This new mode of outsourcing – what the present analysis refers to as *administrative disintegration* – could be said to represent a further step toward vital organising in comparison to vertical disintegration. The latter, one might argue, amounts to a *de facto* modularisation of production. Organisational edifices get smaller and multiply in order to converge into networks that operate topologically between the Cartesian space of the market and the Euclidean structure of the traditional firm (Thompson, 2003). Administrative disintegration takes this topological challenge to economic spatiality into the organisational infrastructure itself. Part of the molar organisational form of the company is evacuated into an organisational orbit of administrative services, supporting the internal creative business process(es) from a distance.

It is the empirical practice of administrative disintegration that the analysis will focus on below. At this point, however, it might be interesting to ask how such a shift in organisational thinking came about. In answering this question, it seems evident that one has to take into account the experience of vertical disintegration. The modularising and networking of an organisation's supply chain prepared management for the introduction of disintegrative practices in other areas as well. Thus, methods and practices of vertical disintegration helped to explore the possibilities of administrative disintegration (Lonsdale and Cox, 2000). An important incentive for such an exploration came from the realm of

government. It was particularly strong in Britain where the neo-liberal 'reform' of the public sector that began in the eighties was predicated on a combination of privatisation and contracting-out of public services. This policy - initiated by the Thatcher government and continued and extended by subsequent governments - reinforced the idea that the use of external contractors meant greater efficiency and effectiveness. One of its very substantial effects was the creation of a market of suppliers who would then offer their services both to the public and the private sector.⁶⁶ A mode of government that found its rationale in neo-liberal economics thus helped to push outsourcing into new areas - to differential degrees and speeds in the entire industrialised world (Domberger, 1998: 25-29).⁶⁷

7.3.1. Core Competence

The most important *conceptual* support for administrative disintegration came from C.K. Prahalad's and Gary Hamel's notion of *core competence*. This notion is mentioned explicitly here not only because it pervades the relevant literature but also because all interviewed consultants who discussed this type of outsourcing did refer to it. Such an overwhelming prominence in the theory and practice of administrative disintegration seems to merit a discussion in its own right as it might produce insights as to the motivations and drivers of administrative disintegration.

Prahalad and Hamel's elaborate the notion of core competence in a now famous article in *Harvard Business Review* (1990). Their thinking starts from the premise that in today's competitive environment, companies are "all converging on similar and formidable standards for product cost and quality", which have become "minimum hurdles for continued competition, but [are] less and less important as sources of differential advantage" (ibid.: 81). In other words, qual-

⁶⁶ Already in June 1995, the market for government services in the UK was estimated at £ 2.6 Billion (Domberger, 1998: 27).

⁶⁷ For the US experience one has to mention Osborne and Gaebler's book (1992) *Reinventing Government* whose great success delivered a potent ideological stimulant for the privatisation of government. Their argument in favour of market mechanisms and customer choice as means to improve the "sclerotic" US government institutions won widespread influence even though it did not push the US as far as the UK had gone.

ity and cost do not provide a company with a competitive edge anymore because they have simply become requirement for market entrance across sectors: "Today, everyone has a good product" (C16).⁶⁸ Given that competition cannot be won anymore at the level of the product, Prahalad and Hamel argue that organisations have to turn 'inwards' in search of strategies leading to competitive distinction in the market. This shift in focus from product to organisation is also reflected in the author's conceptual passage from *competitive* advantage to *differential* advantage. The latter marks the ability of an organisation to be more efficient and more effective in mobilising "the core competences that spawn unanticipated products" (ibid.: 81). Differential advantage points to an intangible asset of organisations that, if activated, can drive the production of competitive products through the perpetual generation of the new and different:

"The critical task for management is to create an organization capable of infusing products with irresistible functionality or, better yet, creating products that customers need but have not yet even imagined" (ibid.: 80).

Thus, whereas *competitive* advantage focused on a company's actual performance according to its actual products, *differential* advantage seems to address the virtual dimension of the competitive process by drawing attention to the potential that an adequate organisational structure is able to unlock. Decisive is not how much of an existing product is sold today but how many not yet existing products a company will be able to sell in the future. Differential advantage could thus be said to articulate a shift in organisational or management thinking from the actual to the virtual as it begins to recognise the virtual character of productivity/creativity. This seems to be the ontological intuition on the basis of which Prahalad and Hamel mount their critique of contemporary organisational practice. Their argument is not dissimilar to the one advanced by the

⁶⁸ C16 on the same issue: "I would argue that quality and excellence don't give you competitive advantage because they have become requirement, gone though a classical growth curve. In the 70s, British cars for instance were a joke but we have now got to a point where the difference in quality between a car of today and a car of a few years ago is not that great anymore. The breaks are made by the same companies that supply all the main manufacturers, the clutches are the same etc. And bizarrely, I suspect that the quality that people need is below the level of quality delivered".

proponents of BRP (cf. chapter 6.) in so far as the main problem is identified once again as the functional differentiation of the organisation. Prahalad and Hamel address functional differentiation in terms of the “strategic business units” (SBUs) imposing segmentation (SBUs as segments) according to an arbitrary functional pattern on the company’s resources. At a time of unstable markets, when “targets are elusive and capture is at best temporary” (ibid.: 80), such mechanistic delimiting of potential synergies is simply counterproductive. It inhibits the company’s performance because it cannot ‘grasp’ enough of its creative potential:

“When you think about this reconceptualization of the corporation, the primacy of the SBU... is now clearly an anachronism ... In many companies, the SBU prism means that *only one plane* of the global competitive battle, the battle to put competitive products on the shelf *today*, is visible to top management” (ibid.: 87, first emphasis added).

This quote demonstrates how Prahalad and Hamel’s notion of core competence evolves the conceptuality employed in the BPR debate. Whereas the theory and practice of BPR targeted functional differentiation on the basis of the assumption that it artificially breaks down what allegedly is a ‘natural’ work process, Prahalad and Hamel’s challenge to SBUs/functional differentiation is more complex. Their argument rests on a notion of competition that comprehends the multidimensionality of the creative/productive process. Success in the “global competitive battle” today is predicated on more than *one plane* of the creative process. For today’s managers it is not sufficient anymore to rely on what the old functional structure revealed, i.e., the actuality of production. Instead, they have to become aware of the virtual planes of the process. Such an awareness of the virtual is what the notion of core competence attempts to convey within the conceptual parameters of management thought. The reason why the functionally differentiated organisation requires an overhaul is that it does not allow for an effective mobilisation of the organisations virtual potential. Here is how Prahalad and Hamel illustrate the problem:

“The diversified corporation is a large tree. The trunk and major limbs are core products, the smaller branches are business units; the leaves, flowers, and fruit are end products. The root system that provides nourishment, sustenance, and stability is the core competence” (ibid.: 82).

One should not be put off by the use of a rather unfashionable – arborescent, as Deleuze and Guattari (1987) would have it – metaphor. Rather than being a model of organisation, the tree symbolises the discovery of a ‘source of vitality’ hidden underneath segmentary organisation. Like life flowing through a tree from the root to the leaves, it is the real source of creativity that Prahalad and Hamel want to see flowing through the organisation again. The differential advantage can only be achieved by tapping “the wellspring of new business development” (ibid.: 91), i.e., that which they refer to as “core competence”. The problem is that the source of core competence is not an actual source but a virtual one. Certainly, the company has to start by concentrating on what it does best. A decision has to be made as to what the organisation should be concentrating on. However, this decision can merely be the first step. The much more complicated task comes afterwards: bringing the identified competence to life. Thus, organising in terms of core competence entails both, concentration and mobilisation:

“Core competencies are the collective learning in the organisation, especially how to coordinate diverse production skills and integrate multiple streams of technology... Core competence is communication, involvement, and a deep commitment to work across organizational boundaries. It involves many levels of people and all functions ... The skills that together constitute core competence must coalesce around individuals whose efforts are not so narrowly focused that they cannot recognize the opportunities for blending their functional expertise with those of others in new and interesting ways” (ibid.: 82).

Two dimensions are addressed here: on the one hand, the concentration on a clearly defined set of skills or competences that provide a virtual structure out of which actual products emerge. On the other hand, that which needs to be mobilised by the virtual structure is expressed in terms of *collective learning, communication, involvement, and deep commitment*. In other words, it is the creative capacity of the company’s collective social resource that should become the

vital fuel on which the organisation thrives. In fact, by approaching core competence in the above terms, the authors express an understanding of the source of contemporary production that resonates with the notion of lived social practice. The latter has been defined in chapter 3. in terms of an intersubjective pulsion which Simmel addresses as the “with-another, for-another, against-another” (1999a: 106) that drives the process of sociation and that Lash designates as “a primary or even primordial intersubjectivity” (2005: 10). What Prahalad and Hamel seem to realise at least implicitly is that the “skills that together constitute core competence” are the immanent property of such an intersubjective pulsion, or, indeed of the process of lived social practice. Because of their immanent character, they cannot unfold if they are fragmented by the mechanistic imposition of functional structure. Instead, the authors argue, the company’s present and future source of vitality – that which provides an organisation’s differential advantage – depends on the *thematically concentrated mobilisation of the poietic powers (potentia) of lived social practice.*

7.3.2. Core Competence and Administrative Disintegration

The present chapter does not explore the empirical practice of core competence *per se*. One could perhaps argue that the discussion of project organisation in chapter 8. presents a possible mode of organisation in terms of core competence (although the argument is not explicitly made there). However, the reason for the previous section’s introduction of the notion lies in the fact that it has become the central conceptual reference for the theory and practice of administrative disintegration. Although Prahalad and Hamel’s intervention was not explicitly concerned with outsourcing, what makes their argument so potent in the context of administrative disintegration is its ability to build on as well as evolve the process argument of BPR. Through BPR, the task of administering the work process, that had traditionally been the proud achievement of a hierarchical structured, functionally differentiated organisation, increasingly fused with process (which crucially entailed information-) technology. This in turn made possible the conceptual as well as practical transformation of important elements of mechanistic organising into an external array of “business support

services": outsourced services provided by external providers. This potentially involves all those activities that do not pertain to the core business, including the operation and maintenance of the IT systems but also classical administrative functions such as human resource management, accounting, and finance. In contradistinction to the structure of mechanistic organising, the task of business support services is not so much the provision of organisational coherence as it is to actively support the core business process. The creed among management professionals has become that business support services, in spite of their continuing relevance for the organisation, do not 'add value,' i.e., they are not part of the creative core of the organisation. An HR outsourcer explains:

"What we typically find is that there is a big capability gap. If you think of what you would do on any given day: you would put letters in envelopes, do some thinking, writing – so you do a range of activities from the most administrative to the most strategic. Quite often, we find that people are very busy and the 'very busy' is a shield for not really being as strategic thinkers as they might need to be. ... What we find is that there is a big gap between what people have been doing and what the organisation needs them to do. So when it comes to those big value-adding opportunities, they are not capable" (C16).

The appropriate manner to address such a capability gap, this consultant goes on arguing, consists in separating the actual task of organisation – with respect to those repetitive administrative activities – from the processes of creation and innovation ("the big value-adding opportunities"). In other words, administration has to be outsourced to external providers. A consultant in the high-tech industries refers to this kind of outsourcing as a "reflection of creating the right environment to let people flourish to add value in the appropriate fashion" (C5). The creation of such a "right environment" entails above all the definition of an organisation's core competence and the subsequent externalisation of those activities that accordingly count as business support services. The repetitive, administrative elements that conventionally sustain the Euclidean structure of mechanistic organising withdraw from the immediate process of core competence in order to support creativity and invention from a respectful distance. In the words of an outsourcer: "We work with companies to help them

figure out what is the right organisation structure to support their strategy” (C16). Supporting a company’s strategy means of course that after having figured out what the right structure might be, such a structure is precisely what will be provided through outsourcing. Another consultant explains:

“Actually, when we talk to our clients who have outsourced, most of them have not achieved considerable cost advantage. They generally outsource because they don’t want to do the activity. They do not want to do anything which is not central to that business relationship. So they say: *we will outsource everything that is not absolutely central to our being* and therefore we outsource the payment and processing of invoices and things like that because a firm like (...) who specialises in this will do it better than we can. They can do it faster and better than we can” (C12, emphasis added).

‘Central to the being’ of the contemporary organisation is creation and innovation within the strategic field of core competence. It is here that business consultants and managers alike intuitively locate the vital resource on which companies should run. In this respect, administrative disintegration appears as an essential enabler of core competence as it allows companies to evacuate some of the mechanistic features of organisation. In doing so, it creates the conditions under which the remaining core business process can be opened to more vital forms of organising.

7.4. Modes of Administrative Disintegration

The previous sections retraced the trajectory of economic reorganisation from vertical to administrative disintegration and introduced “core competence” as a concept around which administrative disintegration seems to evolve. The task of the present section is to systematically inquire into the practice of administrative disintegration. There are two modes of administrative disintegration that can be differentiated: *information technology outsourcing* (ITO) and *business process outsourcing* (BPO). ITO entails the externalisation of the provision and administration of IT hardware and software whereas BPO includes administrative functions (HR, Finance, Accounting, etc.) in the externalisation strategy. The following discussion focuses on two issues: on the one hand, it explores the role

of ITO and BPO as enablers of core-competence practice. On the other hand, - and this is done in particular with reference to BPO - it examines the question of whether administrative disintegration can itself be seen as practice involving vital organising.

7.4.1. Information Technology Outsourcing

Information technology outsourcing (ITO) represents the first step of administrative disintegration. The landmark event that set IT in motion took place in 1989 when Eastman Kodak decided to outsource its IT development and maintenance to a subsidiary of IBM (Dibbern et al., 2004).⁶⁹ Since then, contracts have evolved from a one vendor model (one supplier provides all IT to one client) to complex arrangements involving multiple vendors as well as multiple clients. Today, ITO is a pervasive phenomenon.⁷⁰

ITO entails the externalisation of activities such as the provision and maintenance of computer infrastructure, application development and support, systems integration and application which are, according to Cullen and Willcocks (2003: 51), the most frequently outsourced IT services. A crucial part of an organisation's administrative capacity is thus provided from the outside. What complicates the issue in analytical terms is that ITO as the externalisation of administrative processes is of course predicated on the informatisation of these

⁶⁹ This was not the first ITO contract but it did signal the arrival of the ITO mega deal. As such, it was subject of a large amount of media attention and helped to establish IT outsourcing as a legitimate practice.

⁷⁰ At the end of the 1990s, the list of top IT outsourcing deals in the UK reads as follows:

- Cable and Wireless to IBM (ten years, £1.8 Billion)
- British Steel to Cap Gemini (9 years, £400 million)
- Transco to ICL (five years, £60 million)
- Bradford and Binley to IBM (ten years £100 million)

(Lonsdale and Cox, 2000).

According to Gartner Group, global spending on ITO will increase from about US\$ 150 billion in 2000 to over US\$250 billion in 2008 (Economist, 2004a: 6). Cullen and Willcocks (2003: XVII) estimate global revenues to have increased from US\$9 billion in 1990 to US\$154 by 2004, projecting US\$190+ billion by 2006. In addition, a multitude of surveys exist, indicating the widespread willingness at the board level to consider the ITO option (cf. Pfannenstein and Tsai, 2004; Dibbern et al., 2004). Even if these data are interpreted with the necessary precaution, it should be clear that ITO amounts to a significant phenomenon by any stretch of the imagination. For example, IBM, one of the biggest global IT outsourcers runs worldwide 175 data centres, 1 483 000 managed desktops, 71 customer service centres and 43 e-business hosting centres (Xue et al., 2004-05), generating US\$13 billion in the European market alone (in 2002) (Leavy, 2004).

administrative processes themselves and thus ultimately on IT. The emerging mobility of administration that enables ITO can therefore be understood as a function of the previous introduction of IT itself into the mechanistic structure of the organisation:

“What we are seeing at the moment is IT enabling people to move business in a way that was impossible 20 years ago... We have taken advantage of that in our organisation as well. We cut out a large part of our internal infrastructure. We have now outsourced our HR, IT, a whole range of our infrastructure, cut several hundred millions out of our cost base and maintained our revenues. We could have done that before but we did not need to. Now it was necessary and - via IT - possible. So I think that IT helps people to push the boundaries of the possible” (C25).

Thus, IT enables administrative disintegration while simultaneously being subjected to it as well. The previous chapter discussed the informatisation of organisation with reference to BPR which seemed to activate such an IT automation for the sake of process-orientation. In the present context, the informatisation of organisation should be seen as a similarly enabling precondition for administrative disintegration. By way of illustration, it might be helpful to append a brief addendum to the Whirlpool case discussed in the previous chapter as it demonstrates a common trend in the relation between BPR and ITO.

WHIRLPOOL addendum

Whilst using IT as a central element in the mobilisation and appropriation of the company's creative social capacity, Whirlpool also began to outsource large parts of its IT department. In 2001, they signed a 5 year, US \$ 39 Million contract with Keane, under which the latter provided a combination of custom applications and packaged applications – such as an Enterprise System – supporting a spectrum of business processes including sales, finance, human resources, manufacturing, procurement and distribution. As Whirlpool's director of business-systems solutions put it: “We want to outsource more of the support functions to Keane so that Whirlpool's IT employees can work on areas that best use their knowledge of the company” (Greenemeier, 2001). In June 2006, what seems to be a very similar deal was signed with Accenture.

This example is presently instructive in so far as it demonstrates the multidimensional role of IT with regard to the tendency toward vital organising. To begin with, the implementation of an IT-powered Enterprise System into Whirlpool's organisation structure helped the company to address some of the inefficiencies of mechanistic organising and to become more process-like. Furthermore, by creatively using the informatisation of the company and aligning it with the proper management technology, Whirlpool was able to induce an unprecedented wave of innovation. However, the initial infusion of the organisational process with IT

has now led to a becoming mobile of some elements of the organisational infrastructure. While Whirlpool's IT specialists can concentrate on strategic tasks such as constructing ever more cunning ways to capture the inventive potential of its social resource, the more mundane and repetitive aspects of the company's IT management can now be moved out of the company into the professional hands of IT providers.

What the Whirlpool case suggests is that there might be a potential sequence from BPR to ITO, i.e., to first render the organisation more process-like by way of BPR and subsequently distribute the provision and maintenance of rising organisational complexity among specialist external providers. As Sommer (2003) convincingly argues, the increasing complexity of ES makes it indeed very difficult for companies to keep the necessary expertise in-house. He provides the prominent example of ES integration. Over the last few years ES have moved toward internet-enhanced integration, i.e., the merging of back office and front office in one interface. Integrating the ES into a portal or corporate-exchange system is an attempt to eliminate remaining frictions from the business process, making it even more transparent and customer centred. However, such an integrated business process entails a further increase in technological complexity, thus providing yet another argument for companies to make "the strategic decision to invest in business service innovation rather than technological development" (ibid.: 180).

However, the decision to resort to external IT providers is by no means limited to the context of ES, nor is it a consideration that concerns only large corporations. One of the interviewees, an IT specialist of a consultancy that specialises in services to small and medium size enterprises (SME) confirms the drive toward ITO also for his clients. In the assessment of this consultant, SME tend to outsource because it gives them access to a high-tech organisational infrastructure that they would not be able to sustain with a relatively small in-house team. Thus, the issue for SME is not so much cost cutting as it is expertise. "Oftentimes", the consultant suggests, "it is a bit more expensive to outsource but you get a lot more in return" (C3). What such a surplus might consist in is described in the following case.

ITO for SME: The Case of a Delivery Business

"I am dealing with a client at the moment who is putting in handhelds (mobile communication devices). And they deliver all over the UK, it is a delivery business. And what they want to do is they want their drivers to have handhelds with a GPRS connection. They make one delivery and the system connects and sends them straight to the next delivery. They have an IT team of maybe 5 people, they could not possibly do that. So what we said to them was: 'you need to outsource the whole project' ... The alternative route would have been to buy 300 of these handhelds and try to write the software themselves which would be a potential disaster" (C3).

This example demonstrates how administrative disintegration enables organisational IT intensification also for SME, i.e., companies that are far from having the means of maintaining a large IT department. As a consequence, the company is now organised by an outsourced IT system which increases management's control over the process and renders it more efficient. Meanwhile, valuable resources that the company needs to put into the development of its core competence – i.e., delivering products and services to their customers – are free to do precisely that:

"If you are in the delivery business, this is what you need all your management ethos and thinking to focus on and not have people sitting around thinking about IT. What you want to do is to translate the business requirement into a technology solution without spending too much time in-between" (C3).

The fact that IT systems are both very complex and an absolute requirement in today's business environment makes ITO an appealing solution for many organisations. Leaving IT to external experts might enable an organisation to focus on its core competence and more effectively exploit the benefits of its IT systems. It is of course true that cost reduction often figures as an important motivation for ITO. However, as *Business Week* puts it: "Lower costs are only part of the lure. Outsourcers can also spur innovation on the cheap" (Ante, 2003: 78). In the particular context of ITO, it appears that core competence and technological complexity converge in a strong motivation for companies to have their informational infrastructure provided and maintained externally. There are of course cases in which outsourced arrangements have gone terribly wrong – cases that consultants are not particularly keen to talk about. However, as the data provided above indicate, ITO seems to have become an established practice throughout the economy. As such it paves the way for the externalisation of entire business support functions thus heralding the mature mode of administrative disintegration that the following sub-section discusses.

7.4.2. Business Process Outsourcing

This section focuses on business process outsourcing (BPO)⁷¹ which should be understood as the mature mode of administrative disintegration. Whereas ITO is concerned with externalising the information infrastructure of a company, BPO evacuates the organisational processes themselves in so far as they concern administrative routine tasks, i.e., organisational repetition. The externalisation of these processes that used to sustain the administrative structure of an organisation – e.g., finance, accounting, HR – also entails their transformation into external business support services. That these support services are nowadays to a high degree implicated in the IT infrastructure has been argued above with reference to BPR. BPO can thus be understood as a logical extension and deepening of administrative disintegration that began with ITO. A consultant who works for one of the big global outsourcers explains BPO in relation to ITO:

“(t)here is an emerging trend for what they call business process outsourcing. With IT outsourcing for a customer like a bank we would effectively manage their database, their mainframe, we would maintain their applications, provide desktop support. With business process outsourcing, we would even provide their finance or accounting or whatever... Let’s say in IT outsourcing we provide all the computers in a call-centre while with business process outsourcing, we would provide the whole call-centre” (C10).

In other words, BPO arrangements tend to be ‘IT arrangements plus’: “In most BPO deals there is an IT deal inside anyway” (C30). Whereas ITO involves the transfer of the informational web – in a sense, the new informatised ‘pipes’ of organisation – BPO addresses the very processes that run through them. From the consultancy perspective, BPO is thus at least partly driven by the maturation of ITO: if it was possible to outsource the medium of organisation, i.e., a company’s basic (info-)organisational infrastructure, why not try to get rid of

⁷¹ In the context of the present analysis, the designation of this mature mode of administrative disintegration as business *process* outsourcing might be slightly misleading. What is externalised are the administrative processes that support the core business process, not, of course, the latter itself.

organisation entirely – at least with regard to those repetitive administrative processes that can be transformed into business support services?⁷²

Similar to the development of ITO, the proper take-off of BPO was marked by a mega-deal: in 1991 Accenture (then Andersen Consulting) took on the finance department of BP's North Sea Exploration and Production division. According to *Financial Times*, the

“decision to pass responsibility for its accounting and finance function to Accenture was an attempt to cut cost, *but it was also driven by a re-evaluation by BP of what its central purpose was*” (FT London 20-09-2002: 2, emphasis added).

In an attempt to cut organisational cost and focus on its core competence, BP “practically invented BPO” (C27). If BPO had a longer incubation period than ITO, it was precisely because it entails a much deeper involvement into a company's organisation. The externalisation of Finance, Accounting, Human Resource Management (HR), and the like tend to involve a higher degree of complexity than the mere delegation of the pipes through which these functions and processes run. In the words of a professional outsourcer: “In IT it's easier to be more contractual, more remote, more arms length. HR, Finance, etc., are different” (C27). The novelty and complexity of what effectively amounts to the reinvention of administration as an external business service explains that despite the now steeply growing market, BPO is still in a sort of experimentation phase: “Because it extends very deeply into a company's expertise,” another consultant explains, “BPO is going to take the next 5-10 years to mature properly” (C22). According to her, successful BPO requests a different level of involvement on the part of the outsourcers:

“For instance, we now have a program with Liverpool and Victoria which is about life insurance cover and we are almost becoming a virtual life insurance company because we are so immersed into their administrative process” (C22).

This indicates a high degree of relationality between outsourcing partners.

⁷² It is thus not very surprising that Hermes and Schwarz (2005) depict ITO as just another dimension of BPO.

In order to thoroughly explore the relationality on which BPO seems to be predicated, it will be instructive to consider a particular BPO case. As the interviews did not produce adequate data in this respect, this analysis turns to what appeared to be the only systematic empirical account of a BPO project that was publicly accessible at the time of writing.

Relational Organisation: The Case of Xchanging

David Feeny's, Leslie Willcocks' and Mary Lacity's (2003) provide an extensive case study of four BPO contracts, all involving Xchanging, a vendor founded in 1998 specifically to address the BPO market.⁷³ The research was conducted in the first half of 2002 and included the following arrangements:

> A human resources services partnership with BAE SYSTEMS providing services to the client's 150,000 employees and dependents – worth £250 million over a ten year period – whereby the transactional HR activity is transferred to Xchanging whereas the strategic HR is retained within BAE.

> A subsequent ten year partnership with the same company to manage £ 800 million of procurement in indirect spend categories.

> An Insurance Services Partnership formed jointly with Lloyd's of London and the International Underwriting Association, whereby the settlement offices of both companies (Lloyd's Policy Signing Office and London Processing Centre) are transferred to Xchanging.

> A subsequent Claims Services partnership with Lloyd's which manages 250,000 claims a year to a combined value of £8 Billion.

The most important structural consequence of these arrangements consisted in the creation of a new business unit for each of the four deals within Xchanging. They were respectively called Xchanging Human Resource Services (XHRS), Xchanging Procurement Services (XPS), Xchanging Insurance Services (XIS), and Xchanging Claims Services (XCS). Contracts were drawn up to the effect that the 'profits' of these units – which are generated through cost efficiencies on baseline services, introduction of new services, and sale of services to third parties – are to be shared between client and provider. Accounting was agreed to be on an open book basis. Furthermore, contracts specified cost and quality improvement thresholds and Xchanging committed to minimum levels of investment. Xchanging became responsible for the transferred employees and agreed to refer some of their own key people to the new business units. Contracts also established joint governance bodies (board of directors, service review board, and where appropriate, a technology review board).

The design of these contracts already indicates a rather high level of mutual involvement. Accordingly, Feeney et al. (2003) refer to this kind of arrangement as *partnership model* in order to distinguish it from the more transactional fee-for-service arrangements that dominate the ITO sector. In arrangements of the latter type, vendors provide their organisational services according to a fixed contract that determines how

⁷³ As the scholarship that characterises this study strongly tends toward what might be called academic business consulting, it seemed appropriate to include their data into the empirical analysis.

the vendor's superior infrastructure (in form of call centres or service centres) is made available to the client. Accordingly, the contract implementation process in fee-for-service arrangements is characterised by the client preparing detailed schedules of services, cost, and resources which will then be verified by the supplier in a so called 'due diligence process' before signing the contract and taking responsibility for the service. This can be a very time-consuming process (for a major deal up to a year) which typically results in an intricate legal document that is difficult to monitor and enforce. The problem is that in fee-for-service outsourcing arrangements, the run-up to the contract is characterised by two opposing attempts to manoeuvre oneself into the contractual 'pool position':

"both parties are well aware that from the moment of contract this will be a zero-sum win/lose situation, and each is seeking to maximise its starting position in what is often a strongly adversarial process"(ibid.: 25).

By contrast, the partnership approach as described by Feeney et al. is trying to align the incentives of the future partners by following four phases:

1. The *preparation phase* which runs parallel to the negotiations and during which a first assessment of the state of the relevant service is undertaken. On the basis of this assessment, a business plan is drawn up including a partnership 'vision', a five year financial plan, and an evaluation of the contribution of each competency to the achievement of the plan. This is then shared with the client, thus "creating mutual expectations of the partnership" (ibid.).

2. Once the contract is signed, the *realignment phase* starts. Now crucial information is shared (due diligence) in order to reach the full definition of service and the induction of transferees has to be accomplished. Simultaneously, the partnership implements projects, setting up the technology and putting processes in place as specified in the business plan. The externalised support service slowly begins to materialise. This is a phase of familiarisation, trust building and 'attitude management'. In a word, the interface between client and provider has to be created and established. The authors refer in this context to the necessity for the service end-users to adopt a 'customer attitude'. At the end of this phase, the client approves the detailed service definition and the business plan of partnership is updated accordingly.

3. In the *streamlining phase*, the major improvements in service cost and quality are implemented as the transferees (those providing the service) and customers (the remaining employees of the client who receive the service) are now prepared for them. The benefits are passed onto the client as and when they are achieved which underlines the partnership character of the arrangement. At the end of this phase the business' main infrastructure (cultural, administrative, physical, technological, etc.) is up and running.

4. The rest of the contract is referred to as continuous improvement through innovation and, where applicable, the acquisition of new external customers.

The negotiation and implementation of the contract are thus designed as processes that lift the client-vendor relationship out of a transactional market-situation. Between client and vendor, a dense interface is supposed to materialise ensuring the continuation of organisation. The emergence of such a dense organisational interface is the focus of the following section.

7.4.2.1. BPO and Eventualisation of Organisation

According to the authors of the Xchanging-study, success or failure of BPO arrangements hinges on what they call the “knowledge potential” (Willcocks et al., 2004), i.e., the ability of companies to appropriate the surplus “intellectual capital” that is potentially unlocked by transforming their administrative processes into external business support services. Based on a study of 350 BPO arrangements, the authors come to the conclusion that administrative disintegration requires the capability of client and vendor to sufficiently connect through the creation of a dense ‘in-between’ field of social relations that is strong enough to convert the external service into an internal organisational capacity. Simple fee-for-service arrangements as they are common in ITO are considered as suboptimal: due to their strictly transactional nature, they come with compatibility issues and tend to prohibit the emergence of this dense ‘in-between’ field. Outsourcing entire business processes or functions reaches deeper into a company’s infrastructure as it involves dealing with “idiosyncratic business systems, non-routine problems and the historically derived complexities of the technical infrastructure” (ibid.: 10). The intricacy of the task requires a more intense relationality. Hence the emphasis on the relational dimension: the creation of social capital in the organisational interstices must be considered imperative for the success of the outsourcing arrangement. In other words, what Priddat (2002) calls interface management (*Schnittstellenmanagement*)⁷⁴ is crucial here:

“There is a need to create the requisite capability to manage the supplier, to motivate the supplier to invest knowledge and innovate in a sustained way. Otherwise, there will be only one-off gains, additional service charges, and interminable cost-service wrangles, basically over the price of knowledge and capability supplied” (Willcocks et al., 2004: 11).

The reference to Priddat is instructive here as it helps to understand that the notion of an alleged “knowledge potential” must be attributed to conceptual limitations similar to those encountered in the literature review. What hides

⁷⁴ Cf. section 2.3.5.

behind the concept of “knowledge potential” is the delegation of organisational capacity from the company’s mechanistic structure into a virtual spatiality that is sustained by the poietic powers of lived social practice. It is in this context that Priddat’s notion of a “cooperative *habitus*” (2002: 81, cf. literature review) has to be placed as that which accomplishes “the perpetual re-orientation of work and the solutions to new problems that emerge at the intersection market/organisation” (2000: 32). Priddat’s reference to a “transfer of the task of organisation to the employee” (ibid: 26) has to be expanded to a variable social superject constituted by the employees’ ability to enter into a poietic relationality. Only such a field of socio-poietic relationality is able to actualise organisation between the parties of an outsourced arrangement.

Such an understanding of administrative disintegration explicitly poses the question of the place of organisation. BPO seems to signal the disappearance of *organisation* as static structure – at least as a tendency. BPO is thus not so much an externalisation of organisation as it is its *dispersion*: organisation loses its actual place. The notion of organisation’s loss of place can be elaborated with reference to the classical dichotomy of economic spatiality that distinguishes between the Euclidean structure of the firm and the Cartesian space of the market (cf. section 2.1.). What the research of Feeney, Willcocks and Lacity on BPO indicates is that the old categories of economic space are not just challenged by the emergence of actual networks of organisations (cf. section 7.2.1.) but by the emergence of organisation itself as a dynamic topology. The argument to be put forward is that BPO dissolves organisation on a topologically enhanced (via IT) field that is framed by – on the one end – core business processes aiming at perpetual innovation and – on the other end – vendors that specialise in the provision of administrative repetition. It is in-between those poles that organisation has to re-emerge – but as something that will be qualitatively different from the structural edifice that companies have been used to. Organisation – and herein lies the radical innovation of BPO as administrative disintegration – has to be actualised as an *event*. It has to be stressed that event in the present context is not used in a deep ontological sense (cf. Fraser, 2006) but rather as a means of expressing the necessity for clients and vendors to generate organisational ca-

capacity as a relational, mutual occasion. This is the reason for Willcock's et al. (2004) insistence on the strong relationality of the partnership model. Effective organisational events can only emerge between vendors and clients if the relational field is potent enough to push virtual organisation beyond the threshold of actualisation. Once again, "[w]e are confronted with a Munchausen problem, the task is to grab your hair and pull yourself out of the swamp" (Schulze, 2000: 61, cf. section 2.2.2.). The propitious message for contemporary, morphopoietic capitalism is that "social communities are indeed able to do so" (ibid.).

7.4.2.2. Facilitating the Organisational Event: Outsourcing Advisors

The qualitative shift in organisation that BPO entails, i.e., the effective *eventalisation* of what has previously been a molar structure, makes the creation of a dense relational field a systemic necessity. An important consequence of this development is the emergence of a market for what could be called outsourcing advice. This market is populated not only by the traditional consultancies but also by 'pure' outsourcing advisors such as Everest, TPI or Equaterra. These advisors are increasingly becoming important intermediaries in BPO arrangements, helping clients to select the appropriate vendor. Crucial part of their function is to get involved in the drawing-up of outsourcing contracts and their implementation. A very senior advisor summarises the focus of his work as follows:

"It entails making sure that the service management interfaces between clients, it involves ensuring that the required service meetings are happening - that they are attended by the right people, have an agenda, and are effective. It involves making sure that the contract, and in particular the appendices to the contract that really matter, are kept up to date. It's not a one-off document. It should continually be updated to reflect the changing needs of the client. It involves insuring that the whole relationship is managed at all the levels that it needs to be managed at. So that both parties are doing the things they are supposed to be doing" (C27).

Outsourcing advisors thus specialise in the creation of a relational field on which the event of organisation is supposed to subsequently take place. To achieve that, they ensure that the contract has the appropriate flexibility by in-

stalling buffer zones within which mistakes can be made without immediately resulting in punishment. They also provide for a high level of engagement particularly from the side of the client company that simultaneously has to go on with its regular business:

“It has got to be the right people with the right reporting, the right agenda. We have to make sure that all issues are covered particularly if they are uncomfortable, and that they are then reported. That’s the way to manage relationships, so that there is no hiding place for anybody including, for instance, people like the finance director. He has to get involved let’s say once every three months. The client’s finance director or the HR director or maybe both have to come in and get involved and it does not mean to get a briefing note to him just before he gets to the meeting but a proper briefing note with the agenda items, their role, things that need to be settled, all these matters; a full report on service levels, company strategy, things that need to be changed, that is the essence of making such an arrangement work. It’s a professional job” (C27).

It is also a task that requires a fairly long-term engagement as it involves the transition of the retained strategic core of the outsourced function into an internal interface that will now manage a business support service rather than an actual function. One of the interviewed outsourcing advisors referred to a period of two to three years in which their services are gradually diminished. After that, organisational events will take place throughout the relational field between client and vendor while the retained core of the business support function – so to speak the internal strategist (business partners) for the outsourced business service – will become part of the core business process: liberated from the management of administrative routine, they can now be more immediately involved in the strategic running of the company.

7.4.2.3. Business Support Services: From Function to Value

Strategically integrating the outsourced business support services into the core business process has indeed been a recurring theme in the interviews. There seems to be a widespread agreement about the necessity of transforming the business support functions that traditionally consolidated the organisational structure – in a sense, ‘merely’ sustaining the business – into processes that par-

participate actively in the business, thus 'adding value'. The following example is taken from the field of HR, where a senior consultant refers to the urgency of improving the function's 'understanding' of the core business process and the capability to translate this into HR programs and interventions. As she put it, HR needs to adopt a "point of view":

"In the organisations that I work with there is the big shortfall: that people do not have a point of view about what the business should be doing; that they don't use their perspective to challenge the way business is run and be actionable and accountable for opinions. So it's much more like 'if you don't like my morals I have got others'. And we have to go from here to people actually being prepared to have a point of view" (C16).

BPO is seen as an effective way to induce the adoption of such a "point of view" as it liberates business strategy from the immediate weight of administrative repetition. The fact that bureaucracy happens somewhere else gives the strategist time to focus on the alignment of her/his respective business support service with the core business. As the HR-outsourcer illustrates:

"What we usually find in organisations when we start working with them is that they have 'lots of people doing lots of things'. This is what we call high fragmentation. We also find that a high proportion of time is spent on administrative tasks even at high levels of responsibility. So, one of the things we do, as we consult with people to figure out what their model should be, is attacking these two issues. These are the things that cost a lot of money. When we set up a service centre, we say: you used to spend time answering questions in these twenty different areas, what we are going to do now is we are going to take everything except two areas away from you and if people have questions about holiday entitlement, etc., they can go somewhere else" (C16).

BPO is thus a way of evacuating and concentrating the distributed administrative routine or repetition that pervades the business process. The effect this evacuation has on the core business process is illustrated by the same consultant:

"If you are the managing director and you want me to formulate a talent potential program, you want to know what performance indication we should be using, what our strategy is for identifying talent, how we are going to make sure

that we identified the right talent, how we are going to measure whether we got the return on that talent, how we are going to make sure that we develop that talent, that we communicate with that talent. There is a job for you to do. But if I have got 75 job interviews to do tomorrow I could not do that. What we find if we do the analysis is that it almost becomes an excuse, it becomes a protective layer. However, the minute I say to you: 'It's fine, somebody else will do the interviews', you can start focussing on talent strategy and contribute to the core business" (C16).

The value that was previously bound up in the management of repetitive organisation can now flow into innovatively steering the company. BPO thus allows a company to focus its internal energies on creating differential advantages by concentrating all administrative repetition and moving it out of the company. A strategy consultant articulates this as follows:

"A paradigm that is influencing organisational design is the concept of business partnership. Aligning the support functions - we have applied it to HR, Finance and Communication in work that we have done - making sure that the function is much more in a partnership role with the business. Helping them to shape and drive the strategy that they set, the decisions that they make, and the changes that they try to implement given that in most instances all this has a significant impact on people. Clearly, moving to that kind of partnership model had a number of implications. There is typically the tendency to strip out, centralise and put into shared service centres - which is either insourced or outsourced - a lot of the transactional activity and within that centralised pool of expertise to provide high levels of services on the complex issues... This paradigm has been around probably, I have seen it around for about 6 years; that is when it became quite fashionable" (C9).

There are a number of important issues raised here. To begin with, the reference to "transactional activity" as that which is not central to the core business of the company articulates once again a clearly post-Williamsonian understanding of economic organisation. Management consultants, it seems, reserve the concept of transactionality for the business support services (C5, C9, C10, C12, C19, C27, C30) at the far end of the core-competence scale. In contradistinction to Williamson, this locates - conceptually as well as practically - the question of transaction outside the company. Transactional activity is that which is supposed to support that which is truly decisive for the success of the company: its core competence. In fact, the above quoted strategy consultant suggests the

stripping out and concentrating of “transactional activity” as a manner of folding the support functions much more onto the core business process. The organisation of the latter is vitalised here in the sense that it is not understood anymore as *passive formal structure* but as active component in support of the company’s central strategy. In consultant jargon, this is ‘adding value’.

A second issue raised by the above consultant is the possibility of an “in-sourced” service centre. This refers to the possibility of establishing what is called a shared service centre. Shared service centres represent a variation of administrative disintegration: instead of outsourcing a business support service, it is transferred into the company’s periphery. The purpose of shared service centres is the concentration or convergence of administrative activities in the organisational periphery, i.e., out of the way of the core business process. Like outsourcing proper, shared service centres have the intention to transform the mechanistic structure of the organisation into a standardised service. However, rather than externalising the service, they evacuate it into the fringes.⁷⁵ The resulting units are relatively independent functions (economically as well as legally) that serve the company as internal partnerships. If the shared service solution is successfully established, it is supposed to lead to a more dynamic topology between the core business process and its support services, i.e., a more intense engagement of the latter into the former. As an expert on organisational change puts it:

“The whole ethos of a shared services environment is that you want a much flatter structure so you can rotate people through different roles, different teams, and also keep your costs under control” (C5).

The flattening of hierarchy becomes possible precisely because the stripping out and concentration of transactional activity takes place as modularisation that evacuates organisational mechanism into shared service centres. Shared service centres should thus be seen as a special case of administrative disintegration

⁷⁵ In the interviews, shared service centres were mentioned particularly in the context of the reorganisation of large corporations (C5, C16, C20). The scale and complexity of organisation in big multinationals might in some fields render its proper externalisation prohibitive.

that does not quite make the leap to outsourcing proper. However, like BPO in general, it amounts to a reinvention of the company's administrative infrastructure: an important part of organisational capacity becomes a business (support) process in its own right, either in the periphery of the company or as part of an external arrangement. What is important to stress, is that in both cases, administrative disintegration can be understood as a step toward vital organising. Chapter 3. has defined vital organising as a mode of organisation that generates and acts on the realisation that Euclidean form, because of its static – or, with reference to Simmel: transvital – character, might represent an inefficient organisational solution with respect to the mobilisation and appropriation of the poetic process of lived social practice. Transforming functional repetition into value adding business services could be seen as an organisational overflexion in so far as it folds part of the organisational form onto a core business process whose explicit purpose is the creation of an environment conducive of the emergence of lived social practice (qua core competence).

7.4.2.4. Providing Business Support: Reinventing the Factory?

This section takes a closer look at the organisation of those activities that have actually left the core business process and moved to the far-side of the relational field. There is thus a shift in analytical perspective from the client organisation to that of the vendor. This provides an opportunity for the discussion of a variety of measures that are in place for the purpose of transforming the original function or processes into a dynamic contribution to the business.

According to the relevant consulting expertise, it is necessary for potential clients to acquire a good understanding of their own resource before they begin the actual process of BPO. In other words, they have to assess the current state of the processes that make up the future external business support service. An outsourcing advisor explains:

“A lot of organisations don't understand what they have. You have to know who you have, in what positions, how well they do it, and how much it costs you. Otherwise you cannot measure success [of the subsequent BPO arrange-

ment]. You might have an optimistic view of what success is and the thing is doomed to failure in the first place" (C27).

After the client has accomplished such a 'resource inventory', the next question concerns the extent to which the respective employees of the client are going to be involved in the BPO-arrangement. In practical terms, it has to be determined who stays, who moves to the new business support service and who will be fired. A specialist outsourcer comments:

"Essentially, what we are spending some time doing now is that once you have defined what you are trying to do, we proved a framework for what we think a business partner should be able to do and people are being assessed against it. And then there are these normal actions: some people will never be able to do it, that's the people you need to exit. Some people are there already, they just need to be continually held, and then there are people who could get there but need some development. So one of the activities is about assessing the current state of talent and then deciding where the talent needs to move to and how do we move it" (C16).

This is where the responsibility starts to shift to the vendor who of course has to decide who to take on in what function in the future outsourced arrangement. To select the 'right people', outsourcers have developed quite sophisticated methods. One of the large global vendors, for instance, invites the entire workforce to be transferred to a conference-like event to a luxury venue where they will be treated very well but where they are also subjected to a variety of assessment and selection procedures. This is a brief sketch of the event:

"The event starts at 8 a.m. the next morning. Those who are late won't be allowed to get in before ten. When they get in at ten, the first thing that they will be told is that they should have been there by eight. They will be told what they have missed and that they won't be able to retrieve this information. There will be counselling sessions, etc. During this whole event, [the vendor] has people who closely observe the reactions of the client's people, body language, etc., in order to identify potential future leaders but also to identify who to get rid off, who is too negative in their reactions and so on" (C27).

This depiction conveys a good sense of the intensity of the screening process that is built into the very transfer from the original, now client organisation, to

the provider organisation. This might not be very surprising given that the future task of these potential employees is to shoulder the Munchausen-task of creating the event of organisation. Social competence might thus be one of the crucial requirements of the job. Once the selection has taken place, the proper environment has to be created enabling the new providers of organisation to fulfil their tasks. It is again the Xchanging case that illustrates some of the strategies and methods used here. Xchanging is made up of seven 'generic competencies': people, service, process, technology, environment, sourcing, and implementation. These competencies are generic in so far as they do not claim special knowledge of particular back-office activities. This expertise resides in the client's retained staff as well as in those who are transferred into the partnership. As Feeney et al. put it: "The role of the competencies is to provide the complementary skills which will generate an altogether more effective and efficient service" (2003: 31). It is quite clear that with the exception of sourcing (which is essentially procurement) and implementation (which amounts to procedural enhancement and orchestration of the other competencies), the central objective of the competencies is to boost the actualisation of the transferred human capital as remote organisers, which includes *Schnittstellenmanagement* as a way to minimise frictional loss.⁷⁶ The crucial move in this mobilisation and alignment strategy consisted of moving the people and processes that previously had been hidden in the dark of the back-office into the "spotlight ... of management attention" (Ibid.: 10). As the head of Xchanging's 'people competency' puts it:

"I have a fundamental belief that inside each of these vertical back office functions, if you just screw the lid off and put some water in, people just go oomph and grow" (ibid.: 31).

⁷⁶ Some of the interface problematic, however, can also be addressed through the inevitable IT intensification of the organisational environment. For instance, XHRS introduced 'peopleportal', a web-based self-service program which effectively insourced a variety of HR services *back to the employees themselves*.

According to Willcocks et al., the trick is “to find ways to release their energy, talent and commitment” (2003: 27). In order to achieve precisely that, the enterprise partnership model uses a five stage approach, running from

“an inevitable *mourning* of their prior roles through... *forming* cautious views of their new roles, *storming* or confronting to establish their roles in the new organisation, *norming* into new patterns of teamwork, and finally *performing* as part of a fully effective team” (ibid., emphasis in the original).⁷⁷

Each of the stages is monitored and ‘guidance’ provided where necessary. As the HR-strategy director of another vendor puts it, at the beginning of each contract there is the task of “bringing the people towards us” (C19). According to him, the transferred population usually splits into 20 percent who understand and accept the new working conditions right away or “buy the program”, 20 percent who reject it and 60 percent who are somewhere in the middle. And it is these 60 percent that the mobilisation and alignment program is directed at:

“That is by setting out our stall, by letting them vent their anger. Normally they are angry with their former employer. We do workshops like: if you draw a picture of your former employer, what animal does it look like? I had this client and they were drawing a dying dinosaur. And what is [*our company/the vendor*] like, and they drew a tiger. And if that happens, it is good” (C19).

In the case of Xchanging, the transformation into a tiger seems to have been successful. As BAE’s HR director reports:

“Some of the transformations that I have seen in some of the people that are in XHRS, especially the customer relationship managers, one or two of them, they would have never interacted with the business in the way they are doing now, they have become a lot more professional. They are a lot more understanding of what drives a business, understanding of cost base and how you actually get value out of a business...” (Feeney et al., 2003: 13).

It should be clear, however, that the above sketched behavioural interventions do by no means suffice to fundamentally transform the former function. There

⁷⁷ “Forming – storming – norming – performing” are the stages of the group growth cycle according to Handy (1993: 165 and passim).

are of course a variety of very concrete measures in place to turn the old function into an effective and efficient value engine. However, one is unlikely to find such procedures discussed by consultants.⁷⁸ Nevertheless, it is possible to see the conditions under which business support services are produced shining through in comments such as the following:

“18 months into the outsourcing project, it gets a bit more mature, you start to get flatter, you start to delayer because part of the business case is often to drive out middle management. It is quite typical in an HR function to have one supervisor for every 3 productive people or one middle manager for every 3-4 productive people because it is a professional role. What we would typically do is to drive it to 1:10, 1:20. We proceduralise it and make it into a production engine. So we try to bring manufacturing practices into the delivery of HR services, make it more like a conveyor belt” (C19).

What this might indicate is that business support services are provided by a series of organisation factories in which all the transactionality and repetitiveness of mechanistic organising is concentrated. A more thorough critique of this rather explicitly transvital side of BPO is certainly in order. However, it would surely be nonsensical to attempt and develop such a critique in the context of the present analysis which – at least in this respect – has been limited by the methodological decision to approach organisation from the perspective of the consulting dispositif. Nonetheless, one interviewee did in fact comment on the concrete conditions under which the organisational capacity is produced in these neo-mechanistic factories. According to him, outsourcing amounts to a “reinvention of the production line for the purpose of providing business services” (C11). In his assessment, the concentration on core business processes on the clients’ side of the relational field is owed to the “ten thousand, hundred thousand, Millions of people, who are in the treadmill of working to the rhythm of a Customer Relationship Management System” on the providers’ side of the arrangement (C11).

⁷⁸ Instead, one could refer here to Kolinko, a group of activists who in 1999 researched a variety of call centres in Germany by participant observation. The results are published on their website: <http://www.nadir.org/nadir/initiativ/kolinko/index.htm>.

7.5. Coda: On the Issue of Offshore Outsourcing

This section adds a coda on offshore outsourcing – or simply: offshoring – which stands for the transfer of former in-house activities to another country. Many things can and have been offshored in the past. Today, however, the term is in the debate for a particular reason: “The great majority of work which is being offshored is in information technology (IT) and business process or call centre work (BPO)” (Cronin et al., 2004: 17). Accordingly, offshore outsourcing can be seen as a particular type, or perhaps better: extension, of administrative disintegration. However, the problem with offshoring is that it is often taken as synonymous with outsourcing (Drezner, 2004). The present analysis regards such an understanding of outsourcing as inadequate because it reduces the complex phenomenon of administrative disintegration to an issue of international trade. Thus, in addition to providing a brief delineation of offshore outsourcing, this section also discusses the question of how to locate offshoring within the context of administrative disintegration.

As with ITO and BPO in general, offshore transfers can take place internally or externally. Internal offshoring – also referred to as ‘captive offshoring’ – refers to the setting up of an in-sourced shared service centre within the organisational boundaries of a company but outside the national borders, while external offshoring refers to the transfer of business support services to an independent provider abroad. In the latter case, the outsourced arrangement is established ‘at arm’s length’ which is to say that it is rather transactional. This is quite evident as due to the distances involved, the creation of a deep partnership rather is difficult.

Offshore outsourcing became a substantial phenomenon a few years after the start of administrative disintegration (Kirkegaard, 2004). India’s first call centre, for example, was opened by GE Capital services in the mid-1990s (Economist, 2001). The exact magnitude of contemporary global outsourcing, however, is extremely difficult to determine. Economists are trying to tackle the phenomenon by understanding it as “just a new way of doing international trade” (Drezner, 2004: 22). But even with such a generic definition of offshore outsourcing, a precise quantitative assessment seems an insoluble task. As econo-

mists demonstrate, measuring trade in services proves to be difficult due to, e.g., diverging concepts among data providers as well as between data providers and statistical agencies, or because of reluctance to provide data if they are considered competition sensitive. In addition, if the provided services do not cross the boundary of the (multinational) company (e.g., shared service centres), they often go unrecorded. Thus, "it is reasonable to declare that data on international trade in services remain frequently inexact, in some cases for certain purposes outright misleading" (Kirkegaard, 2004: 24). Due to such data unreliability, it is extremely difficult to extract a homogenous quantitative picture from the multitude of reports published by industry specialists. However, where these reports converge is in claiming that growth of offshoring is rapid, that the USA represents the largest customer basis, and that India emerges as the leading supplier market.⁷⁹

There are at least four different types of companies trying to gain share in the growing Indian outsourcing market. There are the Indian software firms, such as Tata Consultancy Services, Infosys and Wipro. These organisations aspire to be "full-service" providers to their clients, able to take on everything from writing software applications to managing payroll. Then there are specialist third-party outsourcing firms such as OfficeTiger, Evalueserve, or the bigger Cognizant, Daksh, EXL and WNS. Even larger are some of the internal arrangements, the so called 'captive' units set up by multinationals, especially financial firms, such as GE Capital, American Express, HSBC, Citigroup and Standard Chartered. Finally, there are the giant global professional-services consultancies, such as IBM, Ernst & Young and Accenture (Economist, 2004b).

⁷⁹ To illustrate this point, it might be sensible to consider two widely circulating estimates (which, it has to be emphasised, have to be taken with the aforementioned precaution). If one takes the amount of jobs affected by offshore outsourcing as a measure of its significance, one can look at the number either on the client's or the provider's side. On the client's side, the most prominent estimates come from two reports by Forrester Research and concern the US. Forrester forecast 3.3 - 3.4 million US jobs to move offshore by 2015 (Bhagwati, 2004). If, on the other hand, one considers India as the by far largest provider of outsourcing, it emerges that according to India's National Association of Software and Service Companies (NASSCOM) employment in the outsourcing industries grew between March 2000 and March 2004 from 353,000 to 505,000, with more than 200,000 jobs expected to be created for the current fiscal year (2005). This corresponds to a growth in volume from 5.0 Billion US\$ in 1997-98 to 28.2 Billion US\$ in 2004-05 (nasscom.com). For summaries of the most prominent reports and forecasts cf. Pfanzenstein and Tsai, 2004; Kirkegaard, 2004.

Offshore outsourcing, however, is not confined to India. Providers are gaining ground in the Philippines and Malaysia (call centre and other back-office BPO), China (embedded software, financial firm back-office BPO) (Bardhan and Kroll, 2003), but also countries like Russia, the former eastern block countries, Israel, and Ireland and lately Pakistan (Mangi, 2005) have become attractive offshore destinations.

What needs to be emphasised in the present context is that a definition of outsourcing in terms of international trade remains completely oblivious to the significance that this chapter attempted to assign to the phenomenon. The conflation of outsourcing with offshoring – which seems to be the general creed within the public discussion – might in fact preclude a qualitative understanding of the phenomenon. Offshoring is first and foremost a particular variant of outsourcing and, in its most recent form, a special variety of administrative disintegration. This is its qualitative aspect. It has indeed to do with international trade but it does so in mere quantitative terms: understanding offshore outsourcing in terms of international trade thematises the reach of the delivery pipes through which business support services travel, sustaining the outsourcing arrangement. The argument that is put forward here, however, concerns the significance of the relationality and effective eventualisation of organisation that administrative disintegration entails. For these purposes, it is not crucial to precisely determine the extent of cross-border outsourcing. It is clear that offshore outsourcing, as outsourcing in general, is on the increase as a result of organisations trying to implement core business processes. The following assessment given by this organisational change consultant:

“Let us say nothing is changing for a moment. Look at offshoring. Half a million jobs in the financial industry are moving to India out of the US. What does that say? Even for Britain it is of course coming. These are global industries. Financial industry is a very fluid, very global industry. And a lot of the UK industry is precisely about that. So you got a global trend. You got to look at the early numbers and then you go ‘what does that mean for the organisation that has offshored to India’ and then you better get good at the kind of agility and fluidity it involves. We have offshored our graphics from London to New Delhi, our customer presentations. They are a fantastic team but what I am saying is you better get good in understanding your requirements and communicating

those effectively when dealing with people at a distance. All these things that did not use to matter. So you cannot say that nothing is changing" (C2).

What is true for administrative disintegration in general seems to apply to the special case of offshore outsourcing as well: getting good at understanding one's requirements, communicating those effectively while dealing with people at a distance – these are issues referring to the necessity of creating a relationality between client and vendor. It has already been argued above that in offshored arrangements such an endeavour is rather complicated due to the distances involved, which is why they tend to be purely transactional, arm's length arrangements. Perhaps one could say that offshoring simply represents an attempt to vitalise a company's core business process, wrapped into capital's eternal quest for cheap labour. Here, organisation follows the path that industrial manufacturing opened after World War II. If the Neo-mechanistic concentration of administrative repetition can be achieved at a lower price, the capitalist of course 'goes the extra mile'. One of the contemporary articulations consequence of that old logic is today called offshoring.

7.6. Conclusion

This chapter has placed administrative disintegration within the trajectory toward vital organising as it removes administrative processes that previously sustained the mechanistic structure of organisations. Prepared by the post-war tendency of organisations to outsource (parts of) their supply chain (vertical disintegration), the informatisation and process-transformation of BPR as well as a number of important politico-ideological developments, administrative disintegration was argued to be an attempt to liberate the creative process of production from the repetitive, routine activities of administration. Central to this argument was the notion of core competence whose overwhelming influence in the theory and practice of vertical disintegration seemed to indicate organisations' growing awareness of the creative capacity inherent to their social resource. A company's concentration on its core competence, it was argued, amounts to an attempt at mobilising the virtual potential that might be inherent

to its organisational structure. Approaching the issue from the perspective of the consulting dispositif revealed that contemporary organisers, i.e., managers and consultants, tend towards the assumption that administrative disintegration represents a promising strategy with regard to the achievement of core competence. The two modes of administrative disintegration have been shown to be information technology outsourcing (ITO), which externalises the provision and administration of IT hardware and software, and business process outsourcing (BPO), which includes entire administrative processes (HR, Finance, Accounting, etc.) in the externalisation strategy. Taken together, ITO and BPO amount to the evacuation of crucial parts of the administrative infrastructure which they transform into external business support services. One of the important arguments advanced above entailed the thesis that the organisational capacity that a company loses through administrative disintegration needs to re-emerge as an event between the client organisation and the outsourcing vendor. Such an eventalisation of organisation, it was argued, is predicated on a mobilisation of lived social practice: the relational field upon which the organisational event occurs relies on the socio-poietic capacity constituted by the employees on either side of the organisational interface. Provided such a relational field sustains the continuous occurrence of organisational events, the externalised business support services can be aligned in accordance with the objectives of the remaining core business process. It was in this context that the reference to vital organising was explicitly made as such an alignment could be understood in terms of the outsourced elements of Euclidean form being folded onto the process of core competence. A brief exploration of the conditions under which business support services are produced provided the impression that the vitalisation of the core business process is based on the simultaneous installation of neo-mechanistic factories for the purpose of providing administrative routine. Finally, offshore outsourcing was discussed as a special variant of outsourcing, connecting administrative disintegration to globalisation and capital's quest for cheap labour.

8. Folding Organisational Form onto Social Time: Project Organisation

8.1. Introduction

This chapter discusses project organisation as an explicit case of vital organising. Project organisation is particularly instructive for the present analysis because it concerns the immediate processes of production/creation. Thus, by studying project organisation the analysis reaches further into the machine of morphopoietic capitalism than the previous chapters. Chapter 6. discussed BPR as a method of introducing process-orientation into the mechanistic structure of the functionally differentiated organisation. Following that, chapter 7. traced the outward movement of organisational form by way of administrative disintegration. This entailed a discussion of organisational overflexion – the folding of organisational form onto the poietic process of lived social practice – but mostly indirectly, i.e., in so far as it represents the desired consequence of administrative disintegration. By contrast, the present chapter turns the focus onto the organisation of the poietic process of lived social practice *per se*.⁸⁰ Project organisation is understood as a concrete empirical manifestation of organisational overflexion under conditions of morphopoietic capitalism. What makes project organisation such an instructive case in the present context is that it represents a shift in organisation from space to time. Project organisation is temporary organisation and as such draws an explicit connection between vital organising and morphopoietic capitalism. The latter – as has been discussed in chapter 3. – is predicated on the displacement of capital into the dimension of social time, which, as this chapter argues, is the central achievement of project organisation.

The chapter is made up of 6 sections. Section 8.2. provides a brief outline of the historical genealogy of project organisation while section 8.3. introduces project organisation as mode of vital organising. Subsequently, section 8.4. moves on to an exploration of the organisational environment of project organisation, i.e.,

⁸⁰ Although this is not further elaborated below, one might as well draw a connection between project organisation and administrative disintegration as the former could be said to provide a potential organisational mode for the facilitation of core competence.

tendencies and trajectories within economic organisation that drive or support the emergence of projects. In section 8.5., the focus shifts to the project as organisational technology *per se*. This section inquires into the specificities of the project mode of organisation in so far as it represents a practical method for the mobilisation and appropriation of the poietic potential of lived social practice. Section 8.6. concludes the chapter.

8.2. Modern Genealogy

Projects as modes of organisation have been with us throughout history. Erecting a pyramid, waging war, or building an empire were endeavours that required the temporary mobilisation of an exceptional range of resources for the purpose of realising a unique goal. In a word, they were projects. Project organisation in the contemporary sense emerged toward the end of World War II. The creation of large new military technologies necessitated new approaches to organisation in order to cope with previously unknown scale and complexity. The Manhattan project to build the atomic bomb and the German V2 program are two early examples of organisations diverting from structuring according to functional lines, instead introducing “divisions organised around the end product – a project organisation (Johnson, 2002: 27, for Manhattan project cf. Hoddeson et al., 1993).

After 1945, project organisation flourished above all within the United States military-industrial complex. The arms-race and the bipolar competition generated an enormous pressure for appropriate organisation around the creation of highly complex weapons systems.⁸¹ Once project organisation was established

⁸¹ As the Pentagon reorganised its Research and Development, the big military contractors had to follow suit. The enormous magnitude of the assignments combined with the high effectiveness they demanded surmounted the organisational capacity of functional structure. Communication among departments (disciplinary lines) needed to accelerate for the sake of effective coordination. As a project engineer for Goodyear Aircraft's Aerophysics Department commented in 1956, the traditional functional approach is rather inappropriate for such a task as its hierarchical structure limits creative output to the few men in the top layer (Lanier, 1956: 54). Hence, “(a)ny innovation is difficult to introduce because it requires detailed instruction at all levels” (ibid.). As will be demonstrated below, being free to invent within a co-operative effort remains the crux of project organisation and the reason for its contemporary success to this day. After some experimentation in terms of planning and control, the defends-industry mastered the organisational challenge of the Cold War through the introduction of matrix structures (Lundin and Söderholm, 1998; Hodgson, 2004). This entailed the realisation of particular endeavours by

within the organisational field surrounding the Pentagon, it seems to have spread into other fields by way of organisational isomorphism (DiMaggio and Powell, 1983) and became increasingly seen as a possible mode of organisation to be employed when confronted with a particular task of some importance (Morris, 1994).

However, some studies hint towards a rather different development of project organisation. Boltanski and Chiapello (1999), for instance, understand the emergence of what they call the “project polis” (*cité par projects*) as an important outcome of the crisis of 1968.⁸² In their Neo-Weberian assessment of contemporary capitalism, the project polis amounts to an ideological adjustment (spirit of capitalism) of capital to important strains of critique advanced by the revolutionary movement. Although the neo-Weberian idealism of such an interpretation needs to be rejected, the theoretical perspective developed in chapter 4 does concur with the general thrust of the argument: the systematic refusal of the factory-confinement system as articulated in the movements of the sixties and seventies was an important empirical manifestation of capital encountering the aporias of the law of value. In practical terms, it did make it paramount for capital to change its organisational strategies. The project – as will be demonstrated below – can be seen as perhaps one of the most explicit empirical manifestations of capital’s displacement onto the dimension of social time with reference to the immediate process of production.

Linking the emergence of project organisation to the crisis of 1968, however, does not amount to a rejection of the military trajectory. Rather, the assessment seems sensible that both developments were part of a heterogeneous process out of which eventually emerged the contemporary mode of project organisation. Shifting towards project organisation endowed capital with a productive arrangement that simultaneously offered to the ‘liberated’ multitude a sort of refuge from the factory-confinement. In this sense, the project served as an im-

means of project organisation while functional lines remained in place for those temporarily not involved in any project. NASA’s Apollo programme provides a prominent example for the effective implementation of this kind of structure (Johnson, 2002; Morris, 1994). Matrix organisation became industry standard in the 1960s.

⁸² In a similar vein, although without much elaboration, Lundin and Söderholm (1995; 1998) refer to the emergence of a “projectified society” that they link to the events of ‘68.

portant organisational technology enabling the capture of the rebelling energies of the multitude (cf. section 4.2.2.2.).

In order to conclude the brief delineation of project organisation's modern genealogy, what remains to be said is that recently, the project has spread across many sectors of the economy. Until the end of the 1990s, scholarly attempts to substantiate claims about the significance of project organisation had to rely largely on implicit evidence such as the growing diversity of the Project Management Institute (PMI) the largest professional organisation for project management (based in the USA)⁸³ or the multiplication of bibliographical references (Morris, 1994). However, over the past few years there have been a number of empirical studies on the subject, both scholarly and commercial. Whittington *et al.* (1999) have surveyed 450 large and medium size European companies and found that for more than half of them project-based organising has become more relevant between 1992 and 1996. That this trend continues is shown by White and Fortune's (2002) research which indicates that today, project organisation has traversed its traditional fields and has become ubiquitous practice: from its more traditional sectors such as building and engineering, project organisation has become business as usual in IT and pharmaceuticals but has also moved into finance, insurance, banking, transportation and communication, public administration and many other sectors.⁸⁴

8.3. Introducing Projects as Modes of Vital Organising:

The Question of Virtuosity

After these brief historical considerations, this section provides an equally brief introduction into project organisation as a decidedly non-mechanistic mode of organisation. As a point of departure serves the Project Management Institute's

⁸³ Established in 1969, the PMI reports a dramatic increase in membership, from under 9000 in 1992 to 60 000 by 2000. Today it has over 125 000 members in 140 countries. There is also a much smaller European counterpart, the IPMA (International Project Management Association). PMI operates an ISO approved certification program and since 1993, *A Guide to the Project Management Body of Knowledge* is published in regular updates as an attempt to standardise project practice.

⁸⁴ These findings concur with those of a 1997 survey of 120 organisations from a range of British industries including manufacturing, construction, finance and IT in which project management was reported to be at the core of 38.2 percent of the businesses surveyed and very important to the success of 84.4 percent of them (PA Consulting Group, 2000).

(PMI) *Guide to the Project Management Body of Knowledge*, which defines the project at its most basic in opposition to operation:

“Operations and projects differ primarily in that operations are ongoing and repetitive while projects are temporary and unique. A project can thus be defined in terms of its distinctive characteristics - *a project is a temporary endeavour undertaken to create a unique product or service*. *Temporary* means that every project has a definite beginning and a definite end. *Unique* means that the product or service is different in some distinguishing way from all other products or services. For many organisations, projects are a means to respond to those requests that cannot be addressed within the organisation’s normal operational limits” (PMI, 2000: 4, emphasis in the original).

Operations are understood here as that which sustains organisational form whereas projects seems to represent that which transcends the operational frame toward the new and different. In other words, “projects are only mounted when an innovation is required, otherwise the client would purchase the good or service ‘off the shelf’” (Winch, 2000: 118). This draws the connection clearly between the project mode of organisation and innovation. Of course, innovation was by no means excluded from the edifices of mechanistic organising. However, innovation as the production of the new and different was certainly not the foremost aim of a kind of organisation whose purpose it was to “package work in such a way that the same task was done repeatedly” (Powell, 2001: 32). Mechanistic organising distributed resources for the sake of producing surplus value through the reproduction of order, i.e., what has been referred to above as imposition of Euclidean structure on the process of creation/production (section 3.2.). Innovation was supposed to be enclosed in a well defined division of this structure to be available for occasional and controlled injection. According to US sociologist William H. Whyte (1956) this arrangement led to the near impossibility of innovation. In his classic, *The Organization Man*, he delivered a severe critique of lacking creativity in corporate America. What renders Whyte’s argument interesting in the context of the present chapter is that he exemplifies the problem by invoking the notion of *virtuosity* (Whyte, 1956: 198). For Whyte, the tendency for everybody to be drawn into *forms* of cooperation meant the end of virtuosity due to the general anti-

creativity of modern organisation. If creativity has to conform to the rules of mechanistic industrial cooperation, he argued, genius will systematically be transformed into mediocrity.

Without any doubt, White's critique of cooperation is based on a notion of individuality that is *per se* highly problematic and from the perspective adopted presently appears simply archaic. If the reference to Whyte seems apposite nonetheless, this is due to the fact that it features *virtuosity*, a notion that in section 4.3.1. has been discussed as the human capacity on which the poietic powers of lived social practice are predicated. Virtuosity, understood in this sense, has nothing to do with Whyte's individual genius but instead everything with genius: it designates the ontological capacity - perhaps even: necessity - of living human beings to engage in social cooperation. Thus, by way of concluding this preliminary attempt to sketch the problem of project organisation, one could perhaps say that the emergence of the project as an important mode of organisation under conditions of morphopoietic capitalism takes up the Whytean anti-mechanistic intuition in order to provide an approach to organisation that is able to mobilise and appropriate the collective virtuosity of lived social practice. In contemporary project organisation, this chapter argues, Whytean individual virtuosity gives way to the virtuosity of a Whiteheadian social superject.

8.4. The Organisational Environment of Project Organisation

This section provides a survey of the organisational environment in which the project evolves today as an important mode of organisation. This entails an exploration of how project organisation relates and connects to a number of other organisational processes, thus delineating a field of forces that embeds contemporary project organisation.

8.4.1. Matrix

One of the very early yet persistent institutional drivers of project organisation has been matrix organisation.⁸⁵ Project organisation is to a great extent implicated in matrix organisation. This is not to say that projects only emerge within matrixed organisational contexts. However, matrix organisation does presuppose project organisation. A consultant in organisational change explains:

“Any organisation that claims itself to be a matrix organisation effectively works in projects. What you typically have is that the horizontal axis might be functional, the vertical axis product based. There are certain functional processes that need to be followed when you are implementing products. In the past you would have had an organisation tailored around delivering a particular product. What you typically have now are skill based teams and where skill and functional process meet, you got a project. ... So you pull together people with a range of different skills, from different functions... So they come together for the purpose of this project and when it is finished, they disperse. They go back to their organisational home until the next project or they might also work on different projects, taking different roles within each project at one time” (C5).

The combination of matrix and project thus allows an organisation to maintain control over its employees via functional lines while their creativity is actualised within project teams that are assembled according to the expertise required by the task at hand. Matrix, one could argue, amounts to Euclidean form (here: functional structure) receding from the productive process in order to provide a stabile ‘background-structure’ before which more process-like, temporal modes of organisation are able to unfold. Employees continue to be organised according to structural reporting lines but enter the actual productive process in project contexts that transcend the mechanistic edifice. Hence, from the perspective of the present analysis, matrix organisation can be understood as a catalyst for project organisation.

Today, matrix organisation has become widespread throughout the economy. In fact, the consulting industry itself represents a prominent example of a sector that has adapted matrix organisation. The following consultant attributes this to the organisational “fluidity” that a matrix-structure helps to achieve:

⁸⁵ Cf. FN 81.

“The reason why you get more fluid organisational form in firms like ours is that you have quite different views in effect, on the one hand there is a focus on industry, the other is focused on particular skills ... An organisation can often have an element of technical knowledge, and thus organise in terms of audit, tax, business services etc., or organise itself as focusing on the telecom industry, the food and consumer goods industry and everything else – in order to have one face to the client. ... This is the modern competitive world, so you get ebbs and flows in organisational form. At times when you got to be very client centric, – for instance, there are sectors like telecommunications that have big issues – you tend towards an industry focus. But when there are some very clear technical issues, like audit independence, you tend to organise ... much more in terms of audit, tax, etc.” (C20).

In other words, matrix itself generates a certain organisational fluidity as least with regard to a company’s presentation on the market. Different structural lines can be emphasised differently, i.e., according to the demands of the market-environment, precisely because the actual process of work take place externally to these structural lines, in the relevant project contexts. Thus, although matrix organisation does pertain in a certain sense to mechanistic organising, it does achieve organisational agility due to a gradual differentiation of the productive/creative process of work from organisational structure. Matrix organisation should hence be understood in terms of form being pushed toward process (without completely loosing form) by introducing the temporary mode of organisation that is the project.

In concert with Matrix organisation, the project has spread throughout the economy. Dismissed by business gurus Peters and Waterman as “hopelessly complicated and ultimately unworkable” (1982: 49), the old couple has nevertheless proven to be adaptable to new challenges. Together they represent effective tools for the reorganisation of mechanistic structures because they inject fluidity into modern organisation. They break down the concrete actuality of the traditional reporting lines by opening them to the potentiality of variation. The reporting lines, i.e., the structures of command and control do of course not vanish but become fragmented and flexible – adaptable to the present transaction.

8.4.2. Reflexivity - Heterarchy - Project Ecology

The issue of organisational adjustment to a fast paced market environment was raised in the great majority of the interviews. Here, project organisation was repeatedly seen as an approach that could achieve the required organisational agility and adaptability. An influential attempt at a systematic theoretical understanding of this problem can be found in David Stark's notion of "organisational reflexivity" (1999: 159). According to Stark, organisational reflexivity denotes the ability of organisations to rapidly adapt to neo-liberal market conditions. As the product cycle shortens dramatically, he argues, velocity becomes a major asset (first mover gets the profit). In this context, the emergence of project organisation marks the shift from organisational sequence (research -> development -> production) to organisational simultaneity: the productive process begins to resemble a B-movie that is filmed before the script is finished. Every unit of the system develops and produces and adjusts to the other units over the course of the creative process - fluidly adapting to changing market conditions.

The adequacy of project organisation in this context becomes particularly clear with reference to what Stark calls "heterarchic systems" (ibid.). In Stark's assessment, systems of this kind combine heterogeneous organisational solutions that coexist in active rivalry. Rivalry denotes an increased availability of diverse options, and thus, organisational reflexivity. Heterarchy thus substitutes the adoption of a specific organisational form with the competition of heterogeneous organisational solutions that might be adopted according to particular requirements. In order to clarify the notion of heterarchy, it will be instructive to turn to Grabher's case study of the 'advertising village' of Soho. This will provide the analysis with a concrete empirical example of a heterarchic system as well as locate project organisation within such a system.

Grabher's Soho

Grabher's (2001; 2002b) case study of Soho's advertising industry attributes the rise of a few London agencies to global players and serious challengers of the traditional US advertising networks (Madison Avenue) to their heterarchic features. As he convincingly argues, the organisation of Soho's advertising industry can be understood as heterarchy both in terms of the local cluster that he calls 'advertising village' and in terms of the organisational arrangement opted for by a new breed of globally operating advertising groups. Regarding the latter, Grabher's particular object of analysis is WPP, an advertising group that at the time of the study had just gone through an unprecedented wave of acquisitions and takeovers and expanded both in terms of geography and portfolio. However, rather than aligning its new acquisitions according to an overarching organisational strategy, WPP tended to leave the variety of approaches and identities intact. By doing so, WPP created a highly diverse network of organisational approaches that are in creative rivalry with each other. One merit of this arrangement is access to an extremely wide spectrum of portfolio activities but not merely due to economics of scale but because of the agility of the arrangement. Diversity and rivalry can also be found at the spatial level of the advertising village. Here, Grabher encountered not only organisational heterogeneity but also a wide range of ownership forms: from the more traditionally independent-owner agencies and network-owned agencies to loose federations without cross-ownership or unilateral ownership links and even employee-owned advertising agencies such as St. Lukes. Obviously, the village-cluster allows for a much greater degree of diversity and rivalry than the organisational arrangement of the group as coherence is much less an issue at this level. At any rate, both levels of heterarchy endow the London's advertising industry with multidimensional creativity and dynamic. Notwithstanding the creative dynamism of diversity and rivalry, there has to be some sort of consistency as well. This is obvious as far as the group is concerned but even the cluster requires some centripetal forces in order to function as a cluster. Partly, these forces are communicated through a certain culture that is oftentimes constructed and sometimes an emergent property. Grabher here refers to a sort of cultural branding (his reference is to 'tags') that resembles the processes discussed in section 6.4. However, what appears to be much more important in terms of consistency is the mode of organisation that holds village and group practically together: the project.

Within the group as well as the village, the project serves as an organisational mode that accomplishes the focused mobilisation of the otherwise dynamically chaotic resources. As such, they constitute the motor of Soho's heterarchic arrangement. Simultaneously, the recurrent process of project organisation provides the right dosage coherence: it is able to hold the arrangement together without closing off the heterarchic dynamic. It is due to the project's central role within this heterarchic arrangement kind that Grabher refers to it in terms of "project ecology" (2002b). He defines the latter as an organisational arrangement that challenges both the Cartesian spatiality of the market and the Euclidean structure of modern organisation:

"On the one hand, pure arm's length transactions play only an insignificant role in the social fabric of ... project ecologies... Moreover, economic relations in project ecologies... appear not only passively *embedded* in social relations but rather seem actively *constructed* with and through them.

On the other hand, project ecologies represent a heterarchic form of social organization [within which] the temporary limitation of collaboration preserves the particular professional and organizational identities involved. Phrased differently, despite the practice of recurrent collaboration, the limited duration of projects prevents the various members and sub-teams from becoming corrupted by a hegemonic view. Rather than drifting towards cognitive homogeneity and organizational coherence, diversity within project ecologies is reinforced and further differentiated by rivalry" (ibid: 258-259, emphasis in the original).

This is to say that the project constitutes the modal centre of production/creation within this organisational arrangement. How the *active construction* of economic relations that Grabher refers to is achieved within the project will be discussed in subsequent sections. Simultaneously, however, the project is seen here as organisational solution that prevents the arrangement from adopting a particular form. It is in this sense that one might refer to heterarchic project ecologies as tending toward vital organising. It has to be emphasised that this is not a statement regarding the project as a mode of organisation in its own right which will be – as has already been expressed – the focus of later sections.

8.4.3. Network – Virtuality

What the discussion of Grabher's Soho-case implies is that heterarchic project ecologies can be understood in terms of storages holding a diversity of resources that can be actualised through projects. It has become clear that organisational reflexivity of this kind requires a significant reduction of mechanistic structure. What is equally clear, however, is that such an organisational arrangement still involves actual form, i.e., the existence of organisational structure as a tangible reality. In contrast, in some sectors there is a tendency of organisation to move beyond actual structure in the sense discussed in the literature review with reference to Priddat's (2002) notion of an emergent "dissipation economy" (section 2.3.5.). The latter signifies loss of spatial structure and a becoming "virtual" of organisation. What needs to be stressed in the present context is the crucial position that project organisation occupies in such a virtual arrangement. A prominent example in this respect is the consulting industry itself. An HR-consultant reports:

"One of the prime examples of that is HR consulting where you got a lot of individual people who would club together to deliver a project to a client and then break up again ... What you find in the HR area is often a group of sole traders. It's very interesting because as a firm in the HC consulting space, we actually may be competing for some work with a virtual network of people who put together the same proposition. HR is full of those, especially coaches" (C20).

What is interesting here is the fact that network and project appear to be implicated in one another. Networks are virtual in as far as they materialise only once they are in a state of mobilisation within the project. The "massive growth

of self-employed people who operate in virtual networks" (C20) is entirely predicated upon an organisational mode that allows them to actualise.

The U.K. television industry provides another good example of this actual project/virtual network interplay as well. Starkey *et al.* (2000) refer to its "latent organisation". Due to fragmentation in programme supply as well as political intervention, the BBC and ITV were forced to source a minimum of 25 percent externally since the early nineties. This has shifted the architecture of U.K. television away from the traditional vertically integrated model to a model in which an inner network of actual television channels is surrounded by a virtual network that

"consists of independent producers who typically pull in their resources on a project basis, with performing artists, technical services, writers, directors, and other freelancers coupled to the productive centre as and when required" (Starkey *et al.*, 2000: 301).

As and when required! Only then materialises the otherwise virtual structure of the network. Starkey *et al.* refer to it as a dormant mode of organisation "periodically made manifest in particular projects" (*ibid.*: 300). Of course, such a manifestation is critically dependent on relays that connect the virtual production site with the actual channel. Ekinsmyth mentions a similar mechanism with reference to the British magazine publishing:

"Networks are based around social contacts that connect the permanent organisation to its freelance workforce. There is no central catalogue of useful freelance contacts at any level of the permanent organisation, not even at the level of magazine title. Instead, the 'catalogue' is *in the combined heads of commissioning editors (many of whom are freelance themselves)*. This is necessary as the 'catalogue' or latent network is a dynamic commodity, which cannot be cast in stone. In this way, the industry is constantly renewing its creative resources, the social and cultural capital it needs is fluid and dynamic and so too is its use of that capital" (2002b: 235, *emphasis added*).

This describes an organisational context that is indeed virtual in the sense that the potential resource is not held together by an actual organisational structure but exists instead virtually "in the combined heads of the commissioning edi-

tors". In addition, this arrangement holds the creative resource in constant limbo as to their actual position which can only be counteracted by the tedium of active networking (2002a). It is of course this perpetual activity of networking that keeps the network alive in virtuality. Here, one encounters once again the poietic powers inherent to lived social practice. With reference to the previous chapter, one might be tempted to understand these kinds of virtual networks in terms of outsourcing organisation to lived social practice itself. In the more sober sociological analysis of Boltanski and Chiapello, the same phenomenon is emphasised in the notion of the *mediator* who is the performer of network-sustenance and indispensable for project-actualisation (1999: 161 and *passim*). However, the above examples suggest that virtual networks come with a general requirement of mediatory activity for all participants. The mediator here can be found dispersed in the multiplicity that is lived social practice with its immanent poietic potential that is once more shown to be carrying the virtual weight of organisation. Here, one encounters them once more: the swimming boat-builders.⁸⁶

8.4.4. Addendum: Project Organisation and Post-Enron Legislation

Recently, economic regulation has emerged as a rather unexpected driver of project organisation. In the aftermath of the Enron scandal, the U.S. Securities and Exchange Commission introduced a variety of regulations aimed at the prevention of auditing fraud. Under the Sarbanes-Oxley Act, signed into law in June 2002, companies that are publicly listed in the United States have to comply with a number of ostensibly radical rules as to the transparency and independence of their auditing processes. In Britain, a defused form of such regulatory measures has been introduced by the Higgs report and the European Commission has just issued a directive concerning independent audit committees (cf. Tomlinson, 2004).

⁸⁶ The reference is again to the Schulze quote that featured in section 2.2.2.: "We are confronted with a Munchhausen problem, the task is to grab your hair and pull yourself out of the swamp. Remarkably, social communities are indeed able to do so. To borrow an image from Wittgenstein: they are building the boat that is supposed to carry them while already swimming in the water" (Schulze, 2000: 61).

The effect that legal measures of this kind have on the professional services should not be underestimated. Although there has been some resistance to the legislation, its impact is toward further structural disintegration of previously solid structures. As the consulting partner of an international accounting firm explains:

“Notwithstanding the fact that they always worked in projects, consulting organisations are more involved in project style structures than they were and will be more involved in them in the future. The reason behind that is that the old style of providing advice to clients was based on long term relationships and the likes of Sarbanes Oxley do quite a bit of damage to professional services delivered off the back of the relationship model” (C15).

It is quite ironic that legislation should intervene in an attempt to cut through board level sociality of the old-boys networks at the very moment when at the level of production relationship and social synergy become vital economic resources. The systematic functionality of Fordist top-level intimacy, it seems, has expired and can be removed wherever the cost of doing so is not prohibitive. In this sense, the Enron affair is turned into an agent of capital’s progression. It does not come as surprise that there is some regret for these new realities at the board level. The head of change management of another big global consultancy puts it this way in reference to clients in general:

“There is a new force on boards of directors, chief executives and chief financial officers: the regulatory pressures that have come on since Enron. There is new pressure around the notion of trust. ... There seems to be a new level of mistrust” (C18).

What is significant in the present context is that the bemoaned mistrust and regulation act as catalysers of detraditionalisation, as deconstructive forces with regard to long-established business relations. And as such, they function as drivers of temporary engagements and projects:

“The thing that happened ten years ago is that when the partner who originally advised you retired, he introduced you to his successor before he went. That kind of advise you see in lawyers and auditors: trust based, personal. This is

breaking down to an extent, it is less influential than it was and in its place you have a model where you come into an organisation that does not want a relationship and be deliberately cold, they set down a specific project objective that needs to be sorted and will ask your help to sort the project and then say bye, bye at the end of the project and you are not expected to come in ever again" (C15).

The emphasis on relationship shifts from top to bottom where it unfolds the new kind of dynamic that is presently of interest. Thus, one indeed surprising result of the Enron affair consists in new regulation that strategically concurs with the general thrust towards temporary organisation and projects. And as such, post-Enron regulation has repercussions that go beyond auditing:

"I think by and large, you will find that to be a general trend in all professional service firms. Law firms tend to be much more hierarchical, etc., but that being said, I think the trend applies to law firms as well" (C15).

8.5. Projects: Overflexing Organisation

The previous section discussed a variety of tendencies and trajectories that make up an important part of the project's organisational environment. Matrix, heterarchy, virtual networks and even post-Enron legislation could be identified as forces that, if they are not explicit drivers of project organisation, support and sustain its development. This section shifts the analytical attention from the environment in which project organisation operates onto the project itself as a mode of organisation. It explores issues related to the functioning of the project as effective site of production. At the centre of this exploration is the question: how does project organisation as potential mode of vital organising mobilise and appropriate the poietic potential of lived social practice? In order to answer this question, this section first demarcates project organisation conceptually and then moves on to an analysis of its temporal structure.

8.5.1. Demarcating the Project

One of the most systematic attempts at a conceptual exploration of project organisation in its contemporary sense comes from Lundin and Söderholm (1995). They suggest four dimensions - time, task, team, transition - according to

which projects can be distinguished from their environment as well as from permanent organisation. These dimensions will be employed in order to structure the present inquiry into the depths of project organisation.

TIME

Time is the crucial dimension of project organisation which is why Lundin and Söderholm also refer to it as “temporary organisation” (ibid.). To begin with, time is limited within a project. Whereas in permanent organisation the future stretches eternally, in projects as temporary modes of organisation, there is only a limited ‘amount’ of future available:

“For firms whose future is perceived as eternal, the future will naturally continue to be seen as eternity: the result of subtracting any finite number from infinity always leaves infinity. For the temporary organization, on the other hand, time is always running out since it is finite from the start, limited for instance by contracts and other conditions” (ibid.: 438).

This sets up the contrast between the permanent structure of the firm and project organisation in terms of linear time that can either be infinite or finite. However, although the limited time-horizon represents an important characteristic of the project, its temporary aspect cannot be reduced to linear finitude. Such an attempt would miss the qualitative shift of temporality that is marked by project organisation. Rather, it seems to be the case that the project’s finitude provides a regulative condition that renders possible the central achievement of project organisation: the overflexion of organisation in such a way that non-linear social time can break through the linear time of mechanistic organising. This is to say that in edifices of mechanistic organising, time is channelled through and sustained by a spatial structure that ‘domesticates’ it and transforms it into linear clock-time. In project organisation, by contrast, the multiplicity of durations re-converges; clock time returns as ontological time in the service of capitalist production. Hence, what the finitude of the project does is to interrupt the functional flow of linear time in order to “provide a means for achieving ‘a free area of activities’” (Lundin and Söderholm, 1995: 440), a tem-

poral 'area' of activities that is free from the functional constraints of mechanistic organising. In the latter, *potential* was *realised* through structure. Labour of course enlivened the organisational structure but only to an extent: the proverbial 'cog in the machine' did not have much business with living (inside production that is), it simply functioned. Labour-time was sustained by a strong structure. The project, by contrast, *actualises* a much more free-floating *virtuality* (cf. section 3.4.3.). Project organisation defies Euclidean form in the sense that where once there were functions, now there is the poietic process of lived social practice. This is why the project represents a more immanent mode of production. The creative process is not rigidly structured anymore but is sustained solely by the project members' social life time. Hence, as a project team player, one needs to be rather strong:

"One thing about projects is that because they are very fast moving you cannot afford to channel every single decision through a hierarchy. It would just take too long. It is very interesting: People who want to work in projects and with clients are often also the brightest people. The people who are reluctant to work in projects and who cling to the hierarchy often have a mindset which is: 'I need to know exactly where I stand, what am I responsible for, etc.' And I think that suggests the sort of mindset which may suggest that they are slightly less intellectually agile" (C12).

There is an instructive 'kernel of truth' in this consultant's statement: whereas mechanistic organising broke down the complexity of time in such a way that it could be channelled into disciplined labour processes, it is now the task of the 'intellectually agile' project team to deal with this complexity. This puts an enormous burden on project members in the sense that has been discussed repeatedly throughout this thesis with reference to the Munchhausen problem/the swimming boat builders: the poietic temporality that is lived social practice now has to self-organise. Self-organisation, however, is not at all synonymous with liberation. Rather - and with reference to the theoretical discussion in chapter 3 - one could speak of an illustration of capital's displacement into the dimension of social time. Perhaps project organisation could be understood as a concrete 'instantiation' of what Negri refers to as "dense and strong

temporal envelopment of existence" (2003: 36): the spatial structure that functionally distributes social duration is substituted by a temporal envelope flexibly guiding the poietic process of the converging project-superject. Project organisation could then be taken to exemplify real subsumption with particular lucidity. Such an approach would link the emergence of project organisation to capital's realisation (reflexion) that exploitation via a spatial imposition of potestas (capital's univocity) has become inefficient and that its continuing existence depends on a more dynamic exercise of power. Here, the project seems to provide an organisational solution that is able to implement a practice predicated on an acknowledgement of the ontological primacy of potentia, i.e., lived social practice. In any case, what needs to be highlighted is a shift in organisational temporality from linear transcendently imposed time to the immanent time of a social multiplicity. It is in this sense that project organisation represents a very instructive example of vital organising actualising capital's displacement onto the dimension of time. The ontological advance of capital, one could argue, lies precisely in this achievement: the Euclidean spatiality of analytical time (time-as-measure) overflexes onto the lived time of social practice.

TASK

Whereas permanent organisations are orientated on specific goals, temporary organisations are explicitly task focused. This difference translates into a decision-making-orientation of permanent organisations and an action-orientation of temporary organisations. In section 8.3. this difference has been framed in terms of innovation/creativity versus repetition/reproduction of organisational form. Surely, projects entail a certain amount of repetitive tasks. However, as a particular organisational mode, they have an inclination towards innovation and creativity because of their non-linear, more vital temporality. In this sense, task-orientation should be understood as giving the project's temporality a certain direction without, however, defining the desired outcome of the process with metric clarity. It delineates a temporal field in which project time is provided with an ambivalent focus: on the one hand, there needs to be a separation from what might be called environmental noise, meaning that the project's

task is differentiated from redundant activity. On the other hand, the focus is necessarily blurred because the destination of the project journey must remain relatively open in order to allow for the poietic potential of lived social practice to unfold. Both requirements are highlighted by the following organisation specialist:

“In my experience the superior effectiveness of projects has a lot to do with providing individuals with focus and dedicated time. So you set a framework of deliverables that a team of people know – when a project is done well, they have a common purpose, they are working along a particularly critical path, the deliverables, if they are properly constructed, are helping people get towards a final result, so there is a sense of cumulative progress. I think as well that the separation of project work from business as usual activity is vital. What it takes to be effective in project working is potentially different from what it takes to be effective as a line manager. ... So there is a capability dimension to it. There is also just the practicality of ‘in order to be effective in a push act you need to be able to plan your time and not be distracted by day to day tasks’” (C9).

Focus and dedication provide the common ground for the temporal project community. In a certain sense, one might even refer to project organisation as the consequent implementation of the practice of core competence: an ‘organisation’ produces itself temporally in order to accomplish one particular task (or a particular set of tasks). All energies are aligned for this one particular purpose and after its accomplishment, the organisation disperses. Simultaneously, however, the poietic process of the project needs to proceed by what Brian Massumi has introduced into the discussion as “proprioception” (2002): a mode of perception that enables bodily self-awareness, i.e., the recognition of the dynamic, topological multiplicity that makes up the becoming superject. With reference to project organisation, proprioception should be understood as disembodied self-referentiality of the social superject engaged in a specific project. The “framework of deliverables” creates a set of landmarks that function “like magnetic poles that vectorize the space of orientation” (Massumi, 2002: 180). The project community can now converge as a social superject moving through a sort of tunnel of proprioceptive mobilisation that trades the imposition of Euclidean form for the erection of landmarks that guide the poietic potential of

lived social practice topologically to the achievement of its task. Via social proprioception, one could argue, capital is granted access to the virtual: the project-superject is focused and dedicated around a topologically defined task inducing the mobilisation of the poietic powers of lived social practice. The question remains why capital is granted access to the virtual. To answer this question, the dimension of the 'team' will be examined.

TEAM

Around a topologically defined task, a group of people needs to flock. Again, this is an important difference to permanent organisations throughout which people are mechanistically distributed according to specific functions. Although people have to fill certain roles within a project, the roles are different from functions in so far as they are much less defined. As organisation studies shows, in addition to their specialist knowledge, members of project teams need a certain degree of trans-specialist knowledge to be able to sufficiently relate to team members (cf. Hoegl et al., 2004). In this sense, projects are indeed "island of shared knowledge" (Postrel, 2002). At the same time, projects are also of course *islands of shared practice* which means that the holistic collaboration within the team – the "teamwork quality" (Hoegl and Gemuenden, 2001) is decisive for the project's performance:

"If you want to put together a successful project team, you need to have people with different skills performing different roles... If you put a project team together consisting of ten high fliers you end up with a team that does not work. You need to put together somebody who is good at chairing, the creative one, somebody who is good at making sure everybody gets his task done, somebody good at motivating people, etc" (C15).

In contrast to the traditional functions, roles that need to be filled in projects are much more open, more flexible 'positions' adjusting themselves in relation to other role-filling characters. This relational modulation-process is a major reason for the importance of teamwork quality. Transforming the team-vibes into a productively cooperating (or conflicting) social superject requires a mobilisation of interpersonal and social skills that transcends by far the requirements of

mechanistic organising. This seems to apply even to global virtual teams where the basic temporal rhythm of the project has been shown to be set by face-to-face coordination meetings (Maznevski and Chudoba, 2000). Apparently, the necessary “productively noisy clash” (Girard and Stark, 2003: 102) finds its appropriate catalyst in the immediate encounter. In fact, the higher intensity of the encounter within project organisation might as well be one of the reasons for its superior capacity: there is a relatively high conflict tolerance in the team as everybody is aware of its expiration date:

“The very fact that the temporary organisation is to be terminated, may be a condition for the acceptance of conflicting interests in the team” (Lundin and Söderholm, 1995: 442).

This thesis has been empirically confirmed by Andrew Ross’ study of New York’s famous web-design company *Razorfish*, which found that “‘creative friction’ was the name given to one of the company’s core principles” (2003: 63). Similarly, Girard and Stark’s (2003) study of another Manhattan ‘new media’ company has shown that rather than being solved, conflict in projects tends to be merely interrupted by provisional settlements. The finitude of the project can thus be seen as the precondition for its socio-ontological depth, articulated here in terms of unresolved conflict. The project prevents organisation from becoming absorbed into more linear or balanced structures – i.e., into ‘organisational normalcy’ – that might surround it. A similar argument has been advanced above with reference to “project ecology” (cf. section 8.4.2.). The clamorous convergence – or indeed: the clash – of the multiplicity of temporalities onto the lived temporality of the social superject is perhaps that which renders possible the appropriation of the virtual that has been discussed in the previous sub-section.

However, this still leaves unanswered the question as to why people agree to work under these intense conditions of constructed sociality. A possible answer one might find by drawing on section 4.3.1., particularly on the discussion of Virno’s notion of “virtuosity” (cf. 2004). According to Virno, it is the general collapse of use-value into exchange-value in real subsumption that leads to the

emergence of virtuosity – which can be defined as the poietic capacity that lies in the ability to relate to the presence of others – as a factor of production. As has been argued in chapter 4, the invasion of the whole of social life by the logic of exchange-value led to the collapse of any substantial community that functions differently from the logic of exchange-value thus eliminating the ontological shelter vis-à-vis the world (out there). What results is (Hobbesian) existential anxiety becoming a defining feature of the *conditio humana*. In fact, Virno refers to the condition of “not feeling at home” (2004: 38) as the permanent and irreversible situation of the contemporary multitude. It is in this ontological lack of home that one might find an important motivation for the systematic emergence of project organisation. In projects, people are offered the chance to escape into the ‘apotropaic’ resources of lived social practice, i.e., into a virtuosic relationality that offers a temporary home in the communal exercise of the generic capacities of the species. The fact that the sociality of this temporary home is engineered seems to be secondary in this context. In project organisation one finds a concrete empirical example of a technology of appropriation that is able to lure (a part of) the multitude into the actualisation of the poietic potential of lived social practice while simultaneously preventing it from making the leap into *praxis*, i.e., to constitute itself as an open genus. Project organisation provides a shelter for the multitude that is held captive within an ontology of morphopoietic exploitation.

TRANSITION

Transition refers to the fact that after a project is accomplished, something has changed. This might be a simple fact but it is also the reason why in large organisations, projects are often used as vehicles for innovation. Many of the interviewed consultants referred to the project as an innovation tool. This vice-president of a global consultancy provides a concrete example of projects moving an organisation toward fluidity and innovation:

“... I think there are some organisations that have gone a long way; Oticon is a good example, the Danish hearing aid company. It is a ... case of an organisa-

tion that has absolutely driven fluidity within the organisational boundaries not across them. So the way they structured internally is extremely fluid" (C2).

Since Oticon's transformation is rather well documented, it will be instructive to consider Oticon as a particular case in which an organisational change project was used to implement project organisation throughout a previously mechanistic edifice.

Projectifying the Organisation: The Case of Oticon

Oticon successfully reorganised itself in the early 1990s with the help of a new CEO, Lars Kolind. Apparently, Kolind realised that in order to compete with the likes of Sony, Siemens and Philips they needed to be exceptionally inventive. Strategically, this necessitated a comprehensive mobilisation of creativity in order "to think the unthinkable and make it happen" (Labarre, 1994: 77). The enemy in this quest was quickly recognised to be organisational form and thus organisational de-formation by way of introducing radical project organisation became the winning strategy:

"Projects, not functions or processes, are the units of work. Teams form, disband and reform. Project leaders (anyone with an idea) compete for resources and people. Project owners (members of the management team) provide advice and support but make few decisions... The simple rules were that there are no rules, and that people should 'flock' to the projects that seem most promising or they find most interesting, just as American warplanes 'flocked' during the Battle of Midway. The temptation is to try to reduce uncertainty and variety. Kolind showed that, if you try to *absorb*, rather than reduce them, you will stimulate innovation. Oticon's digital hearing aid is very simple, but as Kolind understood, simplicity is an emergent quality, and creation itself is an inherently complex and messy process" (Deering et al., 2002: 62, emphasis in the original).

Uncertainty and variety need to be nurtured in order to keep the poietic potential of lived social practice in a state of mobilisation.⁸⁷ Typically, organisation aims at their reduction for the sake of control. In the Oticon example, mechanistic control functions have been replaced by loosely coupled structures, not dissimilar to those discussed above with reference to Soho's advertising industry. The organisational coherence is once more provided temporally by the project. As a result, structural ambiguity emerges, unleashing the poietic potential of lived social practice that was formerly locked within cubicle walls:

"There will be no flocking if people are exclusively focused on their own areas. Corridor and water-cooler conversations are the essential fuel of self organisation. The staircase in Oticon's headquarters was deliberately built wider than it needed to be to accommodate up-and-down traffic, so that people had room to stop and chat" (ibid: 63).

⁸⁷ Oticon's strategy consisted in effectively transforming hearing aid technology from medical devices for handicapped people into fashionable high-tech communication systems, adaptable to the customer's 'individual style'.

The Oticon transition provides an illustration of the process of vitalising a previously mechanistic organisation. At the centre of this process, the project emerges as site of production and organisation. Around the project and in immediate relation to it, a socially dense field has been created from which the social superject can emerge within the project. Via the project, production becomes infused with the virtuality and virtuosity inherent to lived social practice. The life of the social becomes appropriated by the project as a new and cunning technology of appropriation.

8.5.2. The Project Life Cycle

Time, task, team, and transition thus provide four dimensions according to which project organisation can be distinguished from permanent organisation. The above considerations allowed the analysis to highlight some of project organisation's distinguishing features. It appears apposite at this time to take the next step and inquire into the project process *per se*. Hence, this section discusses what the PMI (2000) defines as the project life cycle, that is, the sequence of different phases within a generic project. How does a project move through the different stages of its duration? Orientating the discussion on the PMI-book, four phases are suggested to define the temporal structure of the project life cycle: concept, development, implementation, and termination.

1. CONCEPT

In this phase, the objective of the project has to be conceived. There has to be a mission to be accomplished. If the project emerges within a regular project context, i.e., out of an environment that constantly generates projects (e.g., a matrix structure), the conception phase tends to be fairly institutionalised. Nevertheless, even (or above all) in such a rather repetitive environment, a certain degree of communicational mobilisation is required to produce the initial momentum of the project. One can observe this quite clearly in the rhetorical reflex this real estate consultant displays:

“There is a very strong message that comes from having the best team for a particular client’s needs. The ability to always build a premiership site for whatever that client needs is enormously powerful and you know you are surrounded by the best people for the job... If you can always quickly put together the best team for the client – that’s pretty powerful” (C17).

Here, one encounters the potential project leader as virtuoso in Virno’s sense. The message is indeed quite strong, communicating a sense of urgency, of getting out there and showing the world that ‘we are the best’. The political dimension⁸⁸ of this initiating phase is stressed by Lundin and Söderholm (1995) who compare it to the formation of activist groups and their tendency towards immediate action. In the above example, the real estate consultant’s rhetoric suggests that the necessary political commitment has to emanate from a company’s culture. “[A] sense of duty that the team feels to achieve the project’s goals and ... the willingness to do what is needed to make the project successful” (McDonaugh, 2000: 226) needs to be built into the culture of an organisation. Instead of a mechanistic distribution of functions, there is mundane sociality and affect that are mobilised for the sake of project induction.

In less institutional, less structured project environments the conception phase involves a high level of uncertainty. The potential gain has to be rationalised vis-à-vis the risk of failure. Therefore, virtuosity is even more important at this stage. The emerging field of action has to be mapped in such a way that the potential social superject can be attracted and the ‘pitch can be won’. Sometimes, those doing the mobilisation are referred to as “souls of fire” (Lundin and Söderholm, 1995: 445). Clearly, virtuosic ‘ignition’ is crucial here precisely because this initial phase is one of concept generation and exploration. In a sense it is indeed at this stage, “that most of the major decisions that will determine the performance of the project are taken” (Winch 2000: 124). The floodgates have to be opened for the poietic powers of lived social practice to flow and generate potential ways of achieving the project task. They are then assessed by management or the potential client, which provides the aforementioned focus.

⁸⁸ As has been discussed in chapter 4, Virno articulates virtuosity in relation to Arendt as the collapse of politics (i.e., *praxis*) into production (i.e., *poiesis*).

2. DEVELOPMENT

The second phase shifts the process from the thematic to the practical constitution of the project. This is realised by a double demarcation:

On the one hand, the particular task is delimited which entails the formulation and implementation of norms and principles that serve as means of inclusion/exclusion of particular activities. A variety of studies have stressed the paramount role of 'decision screens' that successively filter the valorisable information out of the creative flows of the social superject (cf. Wheelwright and Clark, 1992; Winch et al., 1998). Here the immediate process of capture commences. The mobilised multiplicity is pushed through "'collars' that become progressively tighter as the project progresses" (Winch et al., 1998: 205).

On the other hand, time is ostensibly cut out of history. Lundin and Söderholm refer in this context to "decoupling by bracketing":

"Temporary organizations need to be fixed in time by a fairly clear starting-point, so that everyone knows this is the start. This is a special case of boundary setting or spanning ... in time, and the purpose is to decouple the temporary organization from its general surroundings and then, in due course, to reattach it when its termination point is reached ... Time bracketing means that a temporary organization is decoupled from other past, contemporary, or even future sequences of activities. The temporary organization is given its place in history and its own identity" (1995: 446).

This quote is instructive in so far as it duly emphasises the demarcation of project organisation's temporality vis-à-vis that of its environment. However, what is overlooked again is that the project's cutting out of time does not simply result in another linear temporality but in becoming *process* of organisation in a manner that enables the convergence of a social superject in a cooperative effort. The poietic potential of lived social practice can be actualised by project organisation precisely because it cuts off the project's temporality from organisational linearity. Being temporally cut-off and limited, however, also renders the mobilisation of social *poiesis* controllable. The process of lived social practice is now, as it were, 'temporally confined', which means that it is not anymore functionally fragmented in order to then be reassembled according to a mecha-

nistic structure. Instead, the project renders lived social practice *per se* productive, although in relatively small doses: the demarcation of the project in terms of *time*, *task*, and *team* set limits to the unleashed social *poiesis* that ensure that the *transition* remains within the parameters of morphopoietic capitalism.

3. IMPLEMENTATION

In this phase, the project-system closes in order to accomplish the task(s) for which it has been created. This is the actual execution phase of the project. The state of virtuosic mobilisation has been established and the operation can

“proceed like a train moving at high speed towards the end station without any unwanted stops. All emergency brakes are made virtually defunct in order to ensure that the mission is accomplished” (Lundin and Söderholm, 1995: 448).

The schedule for the high-speed journey is delivered by so called action-plans that can be generated from a number of elegant planning models, such as Work Breakdown Structure (WBS), Gantt Charts, Critical Path Method (CPM), Program Evaluation and Review Technique (PERT) (ibid.). According to a study by White and Fortune (2002) Gantt Charts and Project Management Software (e.g., Microsoft Project) are the most widely used tools. These tools and techniques are applied to continually assess and control the project life cycle based on quantitative targets. Perhaps one could argue that these computerised management devices provide the necessary substitute for the Euclidean organisation, simulating analytically the fragmentation of the poietic process in such a way that managerial control can not only be exercised but also intensified. The “high visibility” (C9) that such project management tools install, allows for spontaneous intervention into the project life cycle, for instance in order to shorten deadlines. This important issue will be raised again below (section 8.5.3.).

4. TERMINATION

After the planned task is accomplished the temporary organisation dissolves. In virtual networks this means that the organisation literally disappears as the

network returns to its virtual state or moves on to the next mobilisation. In more institutionalised settings, the process of organisational *bridging* now commences (Lundin and Söderholm, 1995: 449). Evaluation can be a means of bridging, meaning the transmission of experiences for instance into the web of 'host structures' or onto the next project through individual learning. This is one of the major challenges for actual organisations that work in projects. Demobilised project members take their project-experience with them. Therefore, it is paramount for host-structures to develop strategies that allow for the capture of the experiences generated in the projects. One way of storing this valuable resource is an effective retention program: quality workers have to be identified and kept at a high engagement level (C1, C6). Simultaneously, a company intranet-database for which reports are produced after each assignment helps to capture at least a good portion of the codifiable experience (C9, C10). This problem – which in a more general context has already been raised in the literature review (chapter 2) – has recently been articulated in terms of “learning in projects, remembering in networks” (Grabher, 2004). The central question is of course that of the organisational-technological realisation of such a networked memory. The analysis will return to this question in the following section.

8.5.3. Controlling the Project

The previous two sub-sections discussed the four dimensions of project organisation and the project life cycle respectively. This section will take a closer look into the managerial as well as technological processes that ensure the necessary control over project organisation. A people strategist framed the problem of control in terms of portfolio management and project *culture*. She referred to it as her consultancy's main topic in their work on organisation development. As she explained:

“The concepts of project culture and portfolio management are around the identification of resource, understanding of what it is doing, what its capability is, when it is available and to be able to deploy it quite flexibly depending on what the program priorities are” (C9).

Portfolio management and project culture are suggested here as providing a way of structuring the organisational environment of actual projects. In the assessment of the above consultant, they represent methods that optimise organisational planning in a way that does not obstruct but increases the poietic potential of project organisation. A network of potential relationships and connections among individual projects serves as a background upon which investment decisions are drawn. A commercial case study on *London Underground Ltd*, reporting on the potential merits of this approach, describes portfolio management as a method that “takes account of the relationship between projects, and ... allows for the fact that the progressive selection of projects causes the relative priority of the remaining candidates to change” (PA Consulting Group, 2000: 7). A crucial component of such a control technology is provided by information technology. The already quoted people strategist illustrated this fact by referring to her company’s “resource management tool”:

“In terms of the resource management piece we have a tool call *Forward Load* and the way it works is that every week by 12 o’clock on Thursday everybody has to submit a timecard which says what they have done that week and their time encoded to either internal or external jobs. It is attached to what we call *Forward Load* where individuals project over a twelve week period where their time is going to be spent and the system looks at the extent to which people’s predictions match with what is carried out in reality. It also enables us to plan in terms of managing a complex sales pipeline. Who is on the clock, who is off? How much resource do we have available for future work? And we have resource managers within each practice who manage the human dimension of this process” (C9).

Such an accounting and control system helps the project based organisation to keep to a minimum the “luxury of a degree of surplus capacity” (C5) that project organisation necessarily entails. Furthermore, the consultant emphasises, it helps to select suitable team members for future projects:

“Within the tool... we capture everybody’s individual skill profile and their CV, so if you are trying to resource you can search for someone... The best example I have heard, it is actually our resource manager who came up with the research, they wanted someone who spoke Russian, had done an MBA and had

experience and training in finance. So these were the criteria they put in - and up popped a CV" (C9).

The described technology provides a fundamental piece of analytical infrastructure digitally sustaining the arrangement of project management. It is certainly the case that the proliferation of project organisation is for a good part predicated on the development of information technology as provider of new forms of control. The rigid structure of mechanistic organising might be said to have deteriorated to the extent that information technology was able to internalise formal rationality. This is not an argument in favour of technological determinism. Rather, it is stating the obvious fact that information technology plays as important a role in the project arrangement as it does in BPR and ITO/BPO. That digitisation does not grant perfect control over the 'human resource' of an organisation has already been discussed in the literature review: lived social practice has so far proven to resist its total codification. Nevertheless, information technology facilitates the soft forms of control that project organisation requires. Consider once more the people's strategist who framed the control question in terms of visibility:

"Speaking personally, there is nowhere to hide in our company; they know I am talking to you today. There is a great deal of visibility over how people's time is used which does not exist in organisations where people have been less subject to this kind of scrutiny and less expected to justify their time" (C9)

The advent of such an extensive visibility also signals the illusionary character of project organisation's 'homeliness'. The eyes under whose constant surveillance project members work are much less 'apotropaic' than they are in perpetual demand of one's valorisable mobilisation. It is once more Oticon that provides an interesting example for the depth of control that accompanies the introduction of project organisation. At Oticon, increased transparency was achieved by introducing a non-functional, transversal layer of social control. So called 'mentors', whose responsibility it is to support their 'pupils' personal and professional development, engage in annual performance reviews to coordinate salary adjustments. These mentors can be freely chosen (given they have some

seniority). Salary adjustments are made only after the employee's recent teammates have been consulted. Hence, the Oticon example shows that forms of control – quite possibly supported by appropriate IT – can be ostensibly democratic. In fact, it appears very difficult here to distinguish processes of control from processes of productive cooperation themselves. The implementation of a system of mutual social control means that potestas literally merges with the flows of potentia; the power to control is embedded in the flows of creativity of social cooperation. Such a vital overflexion of organisation is indeed an important achievement in organisational technology. The much applauded liberalisation from the walls of the confinement appears to have been more of a transfer of power into novel spheres of socio-informational technology.

8.6. Conclusion

This chapter discussed the project as a mode of organisation that has the ability to achieve organisational overflexion – most importantly due to its displacement of organisation from mechanistic spatiality into the particular socio-temporality of the project. Cut off from its environment, it provides a temporal 'home' to a limited number of people who flock around a particular (set of) task(s), actualising the poietic potential (or virtuality) of lived social practice. Project time is closer to what might be called social duration than it is to clock time. Its temporality is one that is not distributed throughout a transcendently imposed structure but rather consists of a living multiplicity which is precisely the reason for its superior creativity.

However, as has hopefully become clear in the above discussion, arguing for an understanding of project organisation in terms of organisational overflexion does by no means amount to an argument in favour of the project as a liberating mode of organisation. The only liberation that project organisation achieves is the liberation of social temporality from the linear, dispersed time of mechanistic organising. However, the project does not in any sense set this time free but instead organises the 'liberated' multiplicity of durations – what chapter 3. addressed in terms of Simmel's 'intersubjective pulsion' – within a higher intensity context. Instead of temporal fragmentation, project organisation envelops

the multiplicity that converges on a social project-superject. Project organisation does unleash the vital temporality of lived social practice but only within the well defined parameters of morphopoietic production: project time is social duration mobilised for the purpose of capitalist appropriation.

Chapter 4 has argued that *vital organising* is capital's manner of accommodating (providing a home for) the creative vitality of *lived social practice* as socio-ontological potentia that cannot cease in its attempt to actualise its proper figure, i.e., the multitude. The project appears to be a concrete mode of organisation that is able to achieve the overflexion that vital organising necessitates. Through project organisation, it seems possible to construct a social temporality that achieves the mobilisation of *ontological process* – the actualisation of the virtual, poietic powers of lived social practice – while blocking what Negri calls the *materialist process* (cf. section 4.4.3.) – the passage from *poiesis* to *praxis*, i.e., the leap from lived social practice into the true figure of the multitude.

9. Conclusion

This thesis has examined the idea of an ontological turn in contemporary capitalism and explored whether this notion can explain recent developments in the practice of economic organisation. Taking as its point of departure a review of perspectives advanced by academic disciplines conventionally engaged in the analysis of economic organisation, the analysis turned to the theoretical current of neo-vitalism in order to develop a notion of *vital organising*. An examination of Negri's philosophy of time allowed for the contextualisation of vital organising within a theory of *morphopoietic capitalism*. This concluding chapter relates the outcome of this theoretical exploration to the results of the subsequent empirical investigation into the shift from mechanistic to vital organising. Finally, it addresses the implications of such a shift with respect to the conditions of life in the contemporary polis.

9.1. The Process of Lived Social Practice

In theoretical terms, this thesis linked vitalist process-ontology to current speculations in Marxist theory about a new logic of contemporary capitalism expressed in the notion of real subsumption. It has been inspired by an influential strain of autonomous Marxism that understands contemporary capitalism in terms of capital's full penetration of and its becoming operative within the process by which social life (re)creates itself. In order to connect such a theory of capitalism to vitalist process-ontology, the present analysis has sought to develop the notion of *lived social practice*. However, rather than being developed by abstract theoretical considerations, the concept of *lived social practice* emerged out of a review of organisation studies literature addressing the concrete changes in the contemporary practice of economic organisation. The concept has allowed the analysis to incorporate many instructive ideas that the discipline of organisation studies has to offer (despite a certain reductionism of its theoretical approach). The subsequent engagement with vitalist thought led to a conceptually rich notion of vital process whose application to the social dimension was achieved with reference to the notion of *sociability* [*Geselligkeit*], i.e.,

Simmel's concept of social life as an intersubjective pulsion [*Wechselwirkung*] that drives the process of sociation. The important insight that Simmel's *Lebenssoziologie* offered was that it is feasible to introduce vitalist process-ontology into an analysis of the social. In addition, it allowed for an adaptation of the notion of the *superject* developed by Alfred North Whitehead's (1985) in order to mark the multiplicity that the concept of subjectivity attempts to erase. Drawing on Simmel's idea of sociability as intersubjective pulsion, Whitehead's concept could be used to develop the notion of a *social superject*, emphasising the non-subjective, process-like character of lived social practice. This enabled the analysis to connect lived social practice with the ontological notion of vital process. The significance of such a social ontology could then be made explicit by turning to the work of Antonio Negri. Negri understands capitalism as a parasitic system thriving on the socio-ontological process. He expresses the productivity of such process in the Spinozian notion of the multitude.

Using Negri's ontology, the analysis was able to contextualise the notion of lived social practice within a theory of contemporary capitalism. This highlighted its ambivalent status: on the one hand, lived social practice is the expression of the socio-ontological process that provides capitalism with creative power (without which there could be no accumulation), while on the other hand it emphasises the unprecedented efficiency of capitalist exploitation. Capitalism's ability to mobilise and appropriate lived social practice is the reason for its contemporary vitality. What Negri conceptualises as capital's displacement into the creative temporality of the multitude (real subsumption) is experienced as the emergence of lived social practice as the central resource of capitalist production.

9.2. Vital Organising and Morphopoietic Capitalism

This analysis sought to establish both *what* it is that capitalism achieves in its ontological turn (i.e., mobilising and appropriating lived social practice) but also *by what means* such a turn is accomplished. The review of organisation studies literature proved instructive in so far as it disclosed how transformations in the practice of economic organisation have attempted to induce and

accommodate the emergent resource of lived social practice. Drawing on Simmel's *Lebenssoziologie*, the analysis proposed the notion of *vital organising* as an attempt to address these transformations at the level of ontology. To briefly reiterate: the notion of vital organising is based on Simmel's dual definition of life as "more-life" [*Mehr-Leben*] and "more-than-life" [*Mehr-als-Leben*]. More-life is pure movement, permanently absorbing whatever is necessary to fuel its process of expansion. Simultaneously, however, life articulates itself in more-than-life. The latter is the immanent product of an inward flexion of life, a turning of life against itself in order to arrest the vital process so that form can emerge. Form is understood here as immanent to life, as its own "transvital determination" (Fitzi, 2002: 280). It is such an understanding of life as form organising its own flux that proved decisive for the present study's central notion: *vital organising*. Vital organising seeks to express a growing awareness in the practice of economic organisation with respect to the creativity inherent in the socio-ontological process. This leads to a shift from the transcendental imposition of form on the creative energies of the social – understood in Simmelian terms as inward flexion – to a flattening of form onto the process of lived social practice. It is in such an organisational *overflexion*, i.e., a continuation of the inward flexion of organisational form until it converges with the socio-ontological process, that mechanistic organising becomes vital organising.

The subsequent discussion of Negri's philosophy of time as well as related approaches allowed the analysis to emphasise the crucial significance of vital organising within the practice of contemporary capitalism. The latter has been characterised in terms of *morphopoiesis*, i.e., as based on an ontology of vital process that does not designate the emergence [*genesis*] of new forms but rather their production [*poiesis*]. Such an approach to capitalism was used to relate neo-vitalist process ontology to a materialist approach to capitalism: time as the 'substance' of the social that expresses the abundant creativity of the multitude. The designation of contemporary capitalism as morphopoietic thus marked capital's displacement into this temporal 'substance' of the social. The social should be understood in terms of an intersubjective pulsion that has been discussed in relation to Simmel as that which drives the process of sociation. In the

context of morphopoietic capitalism, social temporality as intersubjective pulsion can be said to become the very 'terrain' within which capital operates. It is here that this thesis advanced its central argument: vital organising as the *overflexion* of organisational form as a concrete strategy allowing capitalist power (potestas) to fold itself onto the temporal substance of the social. Through vital organising capital has transformed its organisational structures in such a way that lived social practice can be drawn into the processes of valorisation.

9.3. The Empirical Practice of Vital Organising

The second part of this thesis engaged in an empirical analysis of vital organising. It was necessary to devise a methodology that could identify general trends in the field of economic organisation that exemplify the qualitative shift that the notion of vital organising proposed. Management consulting has turned the structural (re-)organisation of production into a massive industry and thus seemed to provide the most promising empirical field of analysis. Drawing on Thrift's (2005) observations of a "cultural circuit" of capitalism, a methodological approach was developed based on the assumption that the trajectory of contemporary economic organisation is increasingly determined by a *management-consulting dispositif*, i.e., a dimension of permanent organisational reflection consisting of the practice of management consulting as well as the theoretical discourses surrounding it. In practical terms, such a methodology entailed interviews with consultants as well as an analysis of the relevant (para-)theoretical discourses in the business literature. As a result, *Business Process Reengineering* (BPR), *administrative disintegration* and *project organisation* could be identified as trends moving economic organisation - to varying extents - toward vital organising.

Business Process Reengineering (BPR) has been discussed as a widespread organisational strategy that utilises the growing capacity of information technology (IT) to introduce process-orientation into the mechanistic structure of the functionally differentiated organisation. By implementing IT-based "Enterprise Systems" (ES), BPR attempts to overcome the fragmentation of work-processes

caused by functional differentiation. As a reaction to this relative departure from a mechanistic (i.e., in this context, functional) organisational practice, the consulting industry was forced to adjust its product offerings to accommodate more process-like arrangements. One of the empirical examples discussed concerns a rigid job-evaluation tool reflecting the reliance of mechanistic organising on the imposition of Euclidean form on the creative social process. In order to be able to address the organisational flexibility that BPR seemed to have introduced into organisations, this tool needed to be transformed into a multidimensional matrix reflecting a variety of emerging organisational forms. Examples such as this were taken as bearing witness to the 'process' trend in economic organisation while simultaneously illustrating the implications of such a tendency. In addition, a case study of Whirlpool Corporation demonstrated how BPR's informatisation of organisation can create the conditions for a comprehensive mobilisation of a company's creative capacity by inducing the emergence of a virtual social superject of perpetual innovation.

Administrative disintegration is a term coined in this analysis to describe the tendency of companies to outsource elements of their organisational structure (or at least some activities that sustain it). Increasingly, many organisations seem to attempt to liberate the 'creative' process of production from the repetitive, routine activities of administration by concentrating the latter outside their own organisational boundaries. The empirical research identified two modes of administrative disintegration; *information technology outsourcing* (ITO), which externalises the provision and administration of IT hardware and software; and *business process outsourcing* (BPO), which externalises entire administrative processes (HR, Finance, and Accounting). Taken together, ITO and BPO amount to the splitting-off of crucial parts of the organisational infrastructure into external business support services. The main purpose of this strategy is the mobilisation and concentration of a company's core competence. Core competence - the perhaps central notion within the theory and practice of administrative disintegration - can be seen as an articulation of organisations' growing awareness of lived social practice. By ostensibly referring to core competence,

what these organisations were in fact aiming for was the removal of their most mechanistic parts as a way of preparing for more vital modes of organisation. It was above all with reference to BPO – i.e., the more mature and complex mode of administrative disintegration – that another vitalising effect of administrative disintegration came into view. As the discussion of the empirical case of Xchanging indicated, the organisational capacity that a company loses through horizontal disintegration needs to re-emerge as an event between the client organisation and the outsourcing vendor. ‘Event’ should not be understood in this context in a profound philosophical sense. Instead it is an attempt to articulate the fact that the outsourced organisational capacity has to return to the organisation as a temporal occurrence sustained by the collective actions of the employees on either side of the organisational interface. There has to be a dense relational field between client and provider that is predicated on the mobilisation of lived social practice. Provided that such a relational field sustains the continuous occurrence of organisational events, the externalised business support services can be aligned with the objectives of the remaining core business process.

Project organisation designates the most explicit mode of vital organising identified in this empirical analysis. It appeared to be a concrete method of organisational overflexion – most importantly due to its displacement of organisation from Euclidean spatiality into the particular socio-temporality of the project. Projects are able to achieve such a displacement by substituting the hierarchical, functional differentiation of mechanistic organising with a more fluid form of organising: a particular *team* is focussed around a specific (set of) *task(s)* for a definite *time*. In project organisation, people are temporarily brought together and it is their ability to creatively relate to one another that defines the productive capacity of the project. Although by no means free of control mechanisms (e.g. deadlines, project management software, planning models), projects require the structural openness that is necessary for these creative relations to emerge. Project organisation operates topologically: it modulates the creative process of a particular social multiplicity rather than imposing a predetermined

Euclidean structure on it. In doing so, it releases social temporality from the mechanistic prison of linear, dispersed time in order to organise the thus 'liberated' multiplicity of durations within a higher intensity context. Project organisation unleashes the vital temporality of lived social practice but only within the well defined parameters of morphopoietic production: project time is social duration mobilised for the purpose of capitalist appropriation.

9.4. On the Vitality of Bodies

9.4.1. *Überleben*

This thesis understands contemporary capitalism in terms of an ontological turn entailing capital's displacement into the poietic socio-temporality of the multitude, expressed in an unprecedented mobilisation of lived social practice by means of vital organising. In these concluding remarks, it appears apposite to ponder the question of what capital's penetration into the socio-ontological process implies for those who participate in the life of the social; for the inhabitants of today's societies, the living bodies that form the contemporary polis.

For this purpose it is instructive to briefly return to the central claim of the analysis, i.e., the tendency of contemporary organisation to become increasingly vital. Such a vitalisation of organisation indeed a 'liberation' of the poietic process (Simmel's more-life) from the transvitality of imposed form (more-than-life): more-life is increasingly able to articulate itself in perpetual convergences of social superjects, i.e., in the temporary enclaves of lived social practice. It is in the social superjects as enclaves of lived social practice that the Nietzschean *over-man* [*Übermensch*] seems to have found his contemporary equivalent, not in the subjective figure that Nietzsche might have expected, but in the superjective figure of the converging multiplicity of lived social practice. Vital organising's liberation of more-life from its transvital determination signals the arrival *not* of the *Übermensch* or over-man but of *Überleben* or over-life. It is in the mobilisation of the over-human vitality of *Überleben* that vital organising generates temporal instantiations of a socialised Nietzschean vision.

Differentiating between over-life and over-man helps to account for the fact that the ontological vitality of contemporary capitalism does not coincide with a

similar ontological leap for the bodies involved in the creation of this vitality. Chapter 4. drew attention to this fact by arguing that the liberation of socio-ontological process from the shackles of mechanism and imposed form does not indicate the multitude's liberation from capitalist custody. Capital's openness to the poietic potential of lived social practice does not lead into the 'materialist passage' (cf. section 4.6.3.) from *poiesis* to *praxis*: there is no opening of the genus that would take the multitude toward its true figure. The advent of superjective *Überleben* is not the arrival of Nietzsche's life-artist as the generalised figure populating the contemporary polis. How, then, should one conceptualise the implications of *Überleben* for life as it takes place in today's polis?

German political theorist Wolfgang Fach introduced the formula "what was once civil becomes vital" (2003: 165) to account for the transformations of the contemporary polis. Fach, who looks at present-day society from the Foucauldian perspective of governmentality (cf. section 4.5.2.) recognises 'vitality' as the new guiding principle of what he calls the "government of freedom" [*Die Regierung der Freiheit*]. Analysing the dispositifs of this new mode of government, he comes to the conclusion that the rationale of the polis has shifted from providing the *good life* of the Aristotelian definition to providing the conditions for *survival*. In this context, it is interesting to note that the terms denoting survival in the common use of the German language is *Überleben*. This is instructive in so far as it provides the present analysis with a linguistic connection that is far from arbitrary. In fact, Fach's thesis of a shift from civil to vital articulates a notion of vitalist servitude that is caused by recent transformations of capitalism. His insight that the polis has transformed from a palladium of the good life into a place of survival provides the notion of *Überleben* with its complementary dimension: while on the one hand, vital organising causes the capitalist mode of production to achieve the unprecedented vitality of over-life [*Überleben*] it simultaneously pushes the living bodies of the polis into the mode of survival [*Überleben*]. What characterises survival as mode of existence is described by Fach as follows:

“Every fibre of the body, every corner of the mind counts as freely disposable means of investment whose deployment must ceaselessly be optimised for the sake of survival [*Überleben*] and progressing. One turns into a ruthless entrepreneur, who, due to the fierce conditions of molecular competition, has to continuously check, apply, renew, amortise her ‘production facilities’ – with the threat of personal bankruptcy constantly on the horizon ... The ‘pores of the working day’ are closing. Leisure becomes the continuation of work by other means in which no recreative antipode absorbs occupational stress: each articulation of life is subsumed under the principle of survival [*Überlebenskalkül*]” (Fach, 2003: 204).

Thus, whilst the strategies of vital organising yield a new vitality for capitalism through the mobilisation and appropriation of social life, this appears to coincide with a reduction of existence to an almost sub-human mode of entrepreneurial survival at the level of the body. With reference to the empirical analysis presented above, the situation that Fach describes here applies of course rather to those ‘creatives’ who perpetually accumulate portfolios of project-work rather than those who find themselves within the neo-Euclidean factories of BPO-provision. However, as the discussion of the latter has shown (section 7.4.2.4.), even those newly confined bodies are asked to contribute more vitally, not least with regard to their “Munchhausen task” of actualising the event of organisation between client and vendor.

9.4.2. Bare Life and Survival

The notion of survival raises an interesting relation to Agamben’s concept of “bare life” (Agamben, 1995), which is predicated on the Greek distinction between *bios* and *zoē*. *Bios* refers to communal life as it takes place within the polis whilst *zoe* defines the life in natural terms – that which is common to all living beings. For Agamben, *zoē* is akin to the transcendental essence of life that can never fully enter into the polis because its potentiality is so enormous that it threatens the *form of life* of the polis. Hence, when the modern polis begins to draw *zoē* into the domain of its sovereignty, this is not understood by Agamben in the Foucauldian terms of the *biological life of the population* becoming the focus of power (*pouvoir*) that needs to be harnessed (cf. section 4.3.2.). Instead, in Agamben’s interpretation *zoē* enters the polis under conditions of the state of

exception. Life is reduced to the limit-figure of “bare life” whose absolute inclusion into the polis is countered by an equally absolute exclusion: the politicisation of *zoē* by modern sovereignty can only proceed under the condition that life remains to an extent outside the polis where it can be exposed to violence and even death for the sake of *bios*.

The notion of bare life offers an angle from which the question of *Überleben* can be further elaborated. In fact, it seems as though Agamben’s distinction between *bios* and *zoē* can be used as a conceptual template for the duality of over-life/survival. Such a perspective opens the present argument to the realisation that *Überleben* articulates a paradox that is similar to Agamben’s inclusive exclusion: the ontological *inclusion* of the social superjects of lived social practice (over-life) is predicated on the simultaneous *exclusion* of the population of the polis (survival) from the vitality thus afforded by capitalism.

In this respect, Fach’s thesis of a shift from the good life to survival represents an incisive description of the consequences this relation has at the level of the body. *Bios*, i.e., the good life, turns into *zoē*, i.e., mere survival, as the mode of life in the polis under conditions of morphopoietic capitalism. *Zoē*, one could say, is now entirely included within the polis as the constant threat to be left with nothing but one’s bare life. This confronts the inhabitants of the polis with the alternative of either becoming *entrepreneurial survivors* or being reduced to *bare life*. Under such circumstances, to survive means nothing but the body’s active insertion into the vitalist custody of morphopoietic capitalism. Such a reading is also supported by Virno’s thesis (cf. section 4.3.1.) that the real subsumption of life under capital has rendered the inhabitants of the contemporary polis a living multiplicity of strangers. There is no ‘home’ anymore to which the bodies could turn in order to overcome the threat of being reduced to bare life. It is this ontological lack of home that leads the bodies into what Virno calls the ‘apotropaic’ resources of language and cooperation, into speaking and sharing as generic capacities of the species which, however, are now subject to capital’s vital organising.

9.4.3. Poor Life and Resistance

The duality of *Überleben* exposes the bodies of the polis to an unprecedented state of poverty. As Virno puts it:

“Nobody is as poor as those who see their own relation to the presence of others, that is to say, their own communicative faculty, their own possession of language, reduced to wage labour” (Virno, 2004: 62).

Notwithstanding Virno’s strong emphasis on the linguistic – an emphasis that this thesis has tried to avoid by introducing the more generic notion of lived social practice – what he expresses is an absolute poverty, a poverty of ontological proportions. In relation to the empirical findings of this thesis, it can be said that the poverty Virno refers to necessarily spreads as the methods and strategies of vital organising proliferate. BPR, administrative disintegration, and project organisation have been identified as processes that enable capitalism (to varying degrees) to wrest from bodies much of what makes them human: “the desire for action, for a relational capacity, for the presence of others”, in short, what Virno calls “the very anthropogenesis” (ibid.). It is in this sense that contemporary poverty must be denoted as ontological.

It is precisely such an ontological understanding of poverty that Negri takes up at the end of his *Time for Revolution* (2003) in order to make it the defining condition of what he calls the phenomenology of the common. Negri’s notion of poverty is – *prima facie* – similar to Agamben’s in so far as it articulates a relation of inclusive exclusion:

“In the present, the poor are the poorest of the poor, because they are *the most integrated* in the common – in the common of life, of language, of production and of consumption. The poor are *excluded* from within the biopolitical itself – in that same biopolitical in which the poor person produces...” (ibid.: 198-199, emphasis added).

However, for Negri, the exclusion that poverty expresses is by no means connected to weakness or even death. He explicitly rejects Agamben’s notion of bare life because it locates a transcendental potential of resistance against such

exclusion within a metaphysical principle of absolute weakness. The notion of poverty that Negri proposes, on the contrary, is one that is extremely powerful and whose strength is entirely of this world. The condition of poverty is defined by Negri as a pure experience of and a singular relation with the vital process.

“The poor”, Negri says, “the producers of the common from which they are – nonetheless – excluded, are the motor of materialist teleology, because only the multitude of the poor can construct the world under the sign of the common, pressing forth relentlessly beyond the limit of the present” (ibid.: 197).

Unlike Fach’s survivors, Negri’s poor are not driven, they are themselves ontological drivers. Instead of seeing them shaken by the fear of being reduced to bare life, Negri takes the life of the poor as an absolute affirmation of the vital (materialist) process. Indeed, poverty is understood as the motor of being. The ‘location’ of poverty, Negri says, is the body. In this respect, Negri is in agreement with the analysis above in so far as both survival and poverty are defined by the body’s exclusion from the vitality it generates in the superjects of lived social practice. As Negri has it, “in conditions of poverty, the body is affected by the exclusion from the common that it constructs” (ibid.: 205). However, the consequence of this exclusion is not understood as a force that drives the bodies into vitalist servitude. To the contrary: poverty, Negri says, presents the bodies with the absolute experience of being the common source of resistance:

“When, as occurs in the postmodern era, poverty is marked by the exclusion from the common, resistance becomes the reaffirmation of the common, and plays itself out in – and against – the space of exclusion. Resistance is the indeterminate negation of the limit that exclusion imposes on the common. It is the unlimited (*apeiron*), against the limit (*peras*) of exclusion and of measure; it is the absolute opening against the closure of the common and the perversion of its teleology” (ibid.: 201-202).

Negri’s materialist metaphysics thus leaves this analysis with a sense of hope. The bodies that populate the contemporary polis, it has been argued in these closing pages, lead their lives under conditions of survival and ontological poverty. However, what Negri’s phenomenology of the common articulates is that

this state of poverty entails a choice. The experience of poverty to which the bodies are exposed in the contemporary polis does not inevitably transform the bodies into an army of entrepreneurial survivors. Instead, the ontological poverty caused by a more vitally oriented capitalism - examples of which have been given above with respect to vital organising - might present a prospect for the actualisation of the materialist process from (morpho)*poiesis* to *praxis* and thus an opportunity for human life to live up to the promise of its own genus.

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