

“THE BEST PLACE TO BE”: MANAGING EMPLOYEE LOYALTY IN A  
KNOWLEDGE-INTENSIVE COMPANY<sup>1</sup>

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ABSTRACT

Using a case study of an integrated information technology services firm, I examine how the interplay between culture, structure and leadership is managed to build employee loyalty. I focus on the salient features of the case, namely that a high profile culture combines with a low profile leadership and with minimal structuring to create a vibrant and loyalty-generating organizational environment. I propose that these processes are effective because they reinforce one another. It is their articulation, not their existence, which acts both as an unobtrusive control mechanism and as an employee loyalty generating process – fulfilling the needs of both the organization and its professionals.

Keywords: knowledge-intensive firms, organizational culture, minimal structure, low profile leadership.

## INTRODUCTION

This paper proposes a qualitative exploration of the mechanisms employed by one knowledge-intensive firm in its effort to create a loyal workforce. In the case of knowledge-intensive firms, employee loyalty is almost as important as customer loyalty: competent and highly educated employees are a scarce and valuable resource, and these organizations tend to take great care with how they manage their professionals. In this paper, I explore how structure, culture, and leadership are managed to ensure loyalty in one integrated information technology services firm. The paper begins with a theoretical exploration of the articulation between structure, culture and leadership in the knowledge-intensive firm. Following this, the case is presented and discussed.

## THEORETICAL BACKGROUND

Knowledge-intensive firms are usually characterized as those where a highly educated workforce engages in mainly intellectual work. These organizations have received considerable attention during recent years, as a consequence of the growing importance of knowledge and knowledge management (Scarbrough & Swan, 2001). Their skills in expert management are equally valuable for learning how to structure and manage non-labor-intensive organizations. Accumulated research points up the importance of variables such as organizational culture and leadership in this kind of organization. Culture, for example, has been referred to as a powerful control mechanism (e.g. Kunda, 1992). Alvesson (1995) argued that, due to the difficulty in employing good performance measures and to the ad-hoc nature of work, these companies rely greatly on clan control. In the same vein, Kunda (1992) reported that the decentralization of power and the high status of professionals lead

members to act both as subjects and enforcers of organizational ideology. This has clear implications for the practice of leadership. Leaders must carry out their roles, but given the profile of their subordinates, they need to do so unobtrusively. They should not appear to be manipulating or controlling. Mintzberg (1998) referred to this as covert leadership. Covert leadership, or “being there without being there”, as one of my informants reported, highlights the paradoxical nature of leadership (Denison, Hooijberg & Quinn, 1995) in this type of organization.

Less is known about structure, possibly because structure is seen as relatively secondary in knowledge-intensive organizations. This topic will then be explored in more detail. As noted by Alvesson (2001, p.879): “most knowledge-intensive companies rely on a corporate ideology – a set of guiding ideas, beliefs, emotions, and values, which in the end are often more influential than formal structures in controlling people.” In this paper, one particular type of structure will be considered, which I have labeled “minimal structure”. A minimal structure can be described as a small set of big rules. More precisely, minimal structures can be defined as coordination devices that attempt to focus the activities of people around a common set of goals and deadlines, without limiting their discretion in deciding how best to reach these goals (Kamoche & Cunha, 2001). As such, more than a formal structural type (such as the functional, multidivisional, matrix, and so on), the minimal structure is a philosophy of structuring that can be applied within the context of any structural type. As Eisenstat, Foote, Galbraith and Miller (2001) noted, “too much structure and control and the organization grinds to a halt; too little and it is consumed by conflict” (p.58). It is this delicate balance between structure and freedom that makes minimal structures so appealing.

In the arts, minimal structures have been characterized as central to the creativity and innovativeness of jazz musicians (Weick, 1999). They provide coordination without hampering creativity. In the organizational context, Brown and Eisenhardt (1997) noticed their presence in the most effective new product development teams of their sample. Cunha and Cunha (2001) uncovered their central role in keeping a cross-cultural virtual team able to adapt to unexpected contingencies. Given their role as mechanisms of control with freedom (by coordinating without constraining), minimal structures are, to a great extent, tacit and implicit. Members acting within this kind of structure value competence, trust, and resourcefulness, yet these elements may never be explicitly stated. The absence of explicit rules does not lead to chaos or confusion. On the contrary, people are empowered to manage the paradox between flexibility and structure. Minimal structures thus support without specifying (Hatch, 1999). The challenge for managers aiming to implement minimal structures is to establish what the right amount of structure is. Minimal structures seem, therefore, particularly relevant for companies operating in volatile environments, where business conditions change rapidly and the necessity for improvised adjustments is more the rule than the exception.

Under minimal structuring, organizational design is biased towards action and rules exist in order to facilitate action, not to constrain it. Illustrations of minimal structures and how they influence the practice of leadership can be found in the literature. Consider the following: the founder of McKinsey & Company, James “Mac” McKinsey, led consultants through an “undeviating sequence” of analysis, which included goals, strategy, policies, organization, facilities, procedures, and personnel issues. Despite (or because of) this structure, consultants were encouraged to “synthesize data and think for themselves” (Bartlett, 1996, p.1). “Undeviating

sequences”, or the “big rules”, are a central feature of minimal structures. One McKinsey manager stated: “my main priority was to focus the team on the end product. Once we got a clear logical outline, I assigned tasks and got out of the way” (Bartlett, 1996, p.10). Thus, a combination of minimal structures and “minimal” leadership (getting out of the way) appears as a relevant possibility for organizing knowledge-based companies.

This paper explores how structure, leadership, and culture are intertwined to satisfy its “input” market (composed of autonomous, demanding and difficult to retain professionals), while keeping operations under control.

## THE SETTING AND METHODS

To explore the topics outlined above, I studied Novabase (real name), an integrated information services firm based in the European Union.

### *Case selection rationale*

Novabase can be described as an integrated network of eleven information technologies services firms, i.e. a knowledge-intensive company. As discussed above, knowledge-intensive companies are those organizations where most of the work is of an intellectual nature, and is performed by highly educated employees (Starbuck, 1992). That description applies to this case, where most professionals have been educated as engineers. The organization also corresponds to the major characteristics of knowledge-intensive firms: there is a heavy reliance on self-determination, hierarchy is kept to a minimum, structure is of a networked type and problem-solving occurs through extensive communication (Alvesson, 2000). Structurally speaking, the company describes itself as “a network of specialists”. Novabase operates as a developer and

provider of information and communication technology services. Its activities range from the development of new technologies to software implementation, which makes it a curious blend of two of the most common types of knowledge-intensive firms: professional services and high tech.

My intention with this case study is to explore the interplay between leadership, structure, and culture in the context of knowledge-intensive work. I do not use the case to test existing theory, but rather to explore the interplay between structure, culture and leadership in this type of organization. Novabase has been selected because it can be considered a successful firm within its industry, thus potentially providing valuable lessons for other knowledge-intensive companies.

Novabase was founded in 1989. It started as a technology supplier but evolved into an integrated IT services firm, operating in such areas as information technologies, decision support systems, knowledge management, operational and back-office systems, supply chain management, marketing solutions, and so forth. Its structure is of the networked type, growing mainly through spin-offs. In the last years, however, and while preparing a successful IPO, Novabase also acquired several companies, which complemented its previously existing areas of expertise. Since its founding, Novabase has grown significantly measured by several parameters, namely product diversification, workforce size (now over 700 employees), and physical facilities. Despite these changes, the company has managed to retain the key features upon which it was established, especially those related to its engineering-based knowledge and entrepreneurial culture. The success of the company can be illustrated by continued

growth even in face of market contraction: during the economic downturn of the first semester of 2001, Novabase increased its sales by 108%.

### *Methods*

Major sources of data for this research include a survey distributed to every employee, interviews with professionals and top managers, and internal and external documentary data. The survey and interviews were conducted during the first semester of 2000. Employees returned 310 usable questionnaires, and 70 people were interviewed. These major data sources were supplemented by documentation gathered during 2001. This documentation included internal material, a business school presentation by a member of the board of directors, and interviews or descriptive information from the business press.

Questionnaires were used to diagnose the company's cultural profile in a holistic mode. I used the instrument proposed by Deshpandé, Farley and Webster (1993), which is theoretically based upon the competing values framework. This instrument was selected for two main reasons: it appropriately served the purpose of organizational culture diagnosis, and it is rapid and simple to fill in. Respondents described the organization in four aspects (type of organization, leadership, what holds the company together, and what is important). For each aspect, they distributed a total of 100 points in four descriptions that correspond to the various cultural types (clan, hierarchy, adhocracy, and market). This instrument is one of the many versions derived from the competing values model. It asks respondents to decide which cultural type best describes their organization. The result is a holistic cultural profile that is not amenable to correlation-



based statistical analyses (Quinn & Spreitzer, 1991). Considering the goals of this study, that limitation could not be considered problematic.

Interviews averaged 45 minutes and focused on two subjects: (1) the identification of the company's core values, and (2) critical incidents of good and bad leadership practices (Flanagan, 1954; Chell, 1998). To enhance the reliability and validity of interview-based data, detailed notes were taken during and immediately after the interviews. This solution was adopted due to the discomfort with the tape recorder expressed by several participants. It was important, however, to ensure that the interpretation of data was not biased by the characteristics of the interviewed. After data analysis, a meeting with the top management team was conducted with two major purposes: (1) to present the conclusions of the study, and (2) to validate my interpretations. This meeting lasted for more than three hours.

## RESULTS

In this section, I present the major results of the case study. The section is divided into three sub-sections: the company's cultural profile, organizational values, and leadership practices.

### *Cultural profile*

The classification of the organization's culture according to Deshpandé et al.'s (1993) questionnaire, is presented in Tables 1 and 2, which discuss, respectively, the network as a whole and each of its constituent organizations. Results classify Novabase as an adhocratic culture. This was expected given the nature of the organization. Adhocratic cultures are characterized by their entrepreneurial style. They emphasize creativity and

adaptability. Their strategies tend to underline the importance of innovation and growth. Clan elements come second in the employee classification of the organization, while the hierarchical type is the less relevant for characterizing Novabase. It is important to note that this description is consistent throughout the whole network. As revealed in Table 2, there is general agreement that the organization as a whole is an adhocratic culture. Despite minor variations, clan elements are indicated as the second most relevant type for describing the organization's cultural profile. There is also general agreement that the hierarchy is the less relevant of all types to characterize the network.

Tables 1 and 2 about here

### *Organizational values*

To capture the central values of Novabase, informants were asked to state what features, in their opinion, best characterized their organization. Responses were analyzed following the recommendations of Locke (2001). First, notes were taken, recording as much detail as possible. Immediate values were identified. These values were then aggregated by category, leading to intermediate values that group immediate values into logically coherent aggregates. Intermediate values were finally grouped into three inclusive categories that provide an integrated and parsimonious interpretation of the company's values. To validate these groups, they were discussed with an independent referee until agreement was reached, and finally they were presented and discussed with company executives. As is discussed below, the groupings basically highlight the existence of a delicate synthesis of seemingly opposites. It is the capacity to maintain this dynamism between opposites without letting any overshadow another which is responsible for the firm's capacity to solve the paradoxes it faces.

Eleven immediate values were identified, as depicted in Table 3. This table also provides a brief definition of each value as well as direct evidence from the informants. Immediate values were informality, entrepreneurship, *esprit de corps*, performance orientation, diversity, orientation towards the future, innovation, efficiency, trust, personal development, and competence.

Table 3 about here

To provide a more parsimonious and integrated analysis of the company's values, immediate values were then grouped into five intermediate categories:

**People orientation**, incorporating the immediate values of personal development and *esprit de corps*. This category emphasizes the importance of human capital;

**Task orientation** aggregates the competence and performance orientation values, and refers to the importance of the transformation of individual competences into organizational know-how;

**Efficiency**, not aggregated;

**Innovation**, combining three immediate values: innovation, orientation towards the future and diversity. This category reflects the need to depart from current practices, businesses and mindsets;

**Autonomy**, integrating trust and entrepreneurship, points out the need to give people enough space and freedom to allow them to pursue their own ideas.

These intermediate categories were finally transformed into a tripartite set of final values (see Table 4):

**Minimal structure:** The structure necessary to combine autonomy and task predictability;

**Minimal familiarity:** A climate of informality and diversity, in order to preserve trust and teamwork, while emphasizing goal orientation and performance;

**Minimal stability:** The balance of innovation and efficiency, in order to exploit exploration.

Table 4 about here

The immediate values were aggregated in such a way that they help to make sense of what really allowed the company to integrate and balance pressures as contradictory as structure and freedom, individuality and conformity, innovation and routine. The aggregation of the company's values provides a clear exposition of the dynamics of paradox and contradiction facing this company. Minimal structures refer to the synthesis between autonomy and predictability. People have high levels of autonomy, but they also have a clear context that helps them to mesh their action with the organization's goals. Minimal familiarity refers to the need to combine the informal organization with a clear goal orientation. This tension explains how it is that the organization can be, at once, "the best place to be" and a high performance organization. Minimal stability illustrates how innovation and efficiency are perceived as necessary poles for the organization's survival. Exploration of new opportunities is identified as crucial in the competitive environment faced by Novabase. This concern with exploration does not preclude, however, the recognition of efficiency/exploitation as a major requirement for thriving in the IT business.

Of course, other interpretations could have arisen, but this grounded approach, from data to theory led me, after having discussed what such a diverse set of immediate values could mean, to this dialectical explanation, where a thesis is synthesized with its antithesis with neither being lost in the process, and with the advantages of both being preserved in a dynamic process.

### *Leadership practices*

Interviewees were asked to single out one situation that they considered to be a good example of leadership, as well as one situation of dysfunctional leadership in their organization. The episodes mentioned are summarized in Table 5.

Table 5 about here

Results indicate that there are two basic types of incident: (1) those related to leadership skills, and (2) those related to the leader's capacity to synthesize structure and autonomy. When technical competencies were not combined with leadership skills, leaders were viewed as incompetent. On the contrary, good leaders were those who were able to stimulate participation and who communicated intensely with their subordinates. Also central to most informants' evaluations of good and bad leadership was the way in which leaders combined structure and autonomy. Contrary to what is often presumed, professionals have not shown a preference for full autonomy. In fact, lack of control/excess of informality, were pointed out by 21 informants as negative ("My superior sometimes abandons me", "I often feel there is too much democracy and a lack of authority"). On the contrary, structured autonomy was mentioned as a cause of

satisfaction with leadership by 15 interviewees (“Our leader discusses work issues openly. He works with us, motivates us, listens to our concerns. He makes us feel good in our skin. He is also able to reconcile work goals and well-being”, “There is an adequate balance of role definition and individual autonomy”). This suggests that the development of leadership skills and the articulation of minimal structures are crucial for successful leadership. Good leadership, in this case, refers to the capacity to create a context where people feel that they have both structure/orientation and autonomy/freedom.

### ANALYTICAL FRAMEWORK

Data will be interpreted at two levels: the relationship between professionals and their leaders, and the relationship between professionals and the organization. As will be discussed, these two levels are closely related. There are two complementary basic processes in use: (1) a high level of individual self-determination anchored in minimal structures and supported by a “low profile” leadership, and (2) a strong internal culture that preempts “structural holes” and aggregates the firm’s employees. Both processes have been discussed in the literature (e.g. Mintzberg, 1998; Meister, 1982). In this paper I will focus the discussion on how they are intertwined and how they reinforce one another.

#### *The salient processes*

Below, I describe the processes which were identified as the more salient ones in this case. These processes do not fully capture the complex dynamics observed, but provide a set of illustrations that contribute to a deeper understanding of the characteristics of

the knowledge-intensive organization in action. These processes are: (1) low profile leadership; (2) minimal structuring, and (3) high profile organizational culture.

#### Process #1: Low profile leadership

The management of professionals in knowledge-intensive firms normally involves what Mintzberg (1998) has called covert leadership. One of my informants aptly described what covert leadership means: “proximal trust and remote control”. These two terms are, of course, related. Remote control is only possible when there is enough trust. This notion captures why trust is often referred to as the new economy manager’s most important job (e.g. Webber, 1993).

To understand the results of this study, I considered that leadership is embedded in and supported by the social system (Giddens, 1982). Thus, more than a trait or behavioral category, leadership may be understood as a process relating people and the organization (Barker, 2001). In the case of Novabase, good leadership is about keeping a low profile: good leaders are not the owners of leadership but its facilitators. In this role, they are backed up by institutional and organizational factors, namely a strong set of cultural norms (arising from both the organization and the engineering community), and by the powerful yet unobtrusive influence of minimal structures (which is discussed below).

This representation of effective leadership is in stark contrast to the image frequently purported in the management literature. In fact, the prescriptive literature, even that which is focused on “21st century leadership” urges leaders to “be proactive in facilitating organizational learning and encouraging positive adaptation to external

changes” (Dess & Picken, 2000, p.31). To do so, leaders should, among other things, empower their employees at all levels, gather and integrate information from the outside, share knowledge and challenge the status quo. What is most interesting in this list of prescriptions is the fact that, in the knowledge-intensive firm I have studied, professionals and not leaders are expected to accomplish these tasks. What then is the role of leaders? The present case suggests that it consists mostly in providing the subordinates with protection, support and opportunities for sensemaking. Management of the boundary condition, particularly the relationship with client organizations, is crucial (see below). As predicted by the literature (e.g. Gabriel, 1999), when individuals deny their subordinates the very protection that they demand from their superiors, their competence as leaders is under question, especially in organizations where, like this one, the employee works outside the boundaries of an organization and without the safety net of a job description.

#### Process # 2: Minimal structuring

Given, on the one hand, the high levels of professionalism and expectations of autonomy and, on the other hand, the need for coordination, structures need to be carefully implemented. In knowledge-intensive companies, minimal structures, embedded in the organizational system, and to a great extent internalized through practice, may provide a valuable possibility for organizing.

Minimal structures coordinate without constraining. They provide an unobtrusive means of coordination that fundamentally relies on goals, deadlines and responsibilities. As discussed above, good leaders in this network seem to be those who are able to synthesize control and freedom, to coordinate rather than control: “There is autonomy



and a good definition of roles. We know how to use roles without losing autonomy”. When minimal structures are not properly applied, people can feel, for example, that “There is too much freedom without coordination”. The best leaders trust their employees’ capabilities and act as facilitators of sensemaking. They help their subordinates to structure and to make sense of their work: “My superior supported me in front of a client in a very pedagogical way, showing a lot of self-control and self-confidence in his relationship with the client”, or “During a project, there was this problem between the team and the client. Our leader intervened and clarified everything, both to the team and to the client”. Particularly important, given the centrality of project management, is their intervention as mediators between the client firm and the consultant. For example, when the limits of the consultant’s action are not explicit, it is the leader’s role to define them, to support the subordinates and to (re)specify structure. When this role is not properly conducted, complaints arise: “There is sometimes some benevolence towards customer demands. When this happens, we become hostages of the client firm”. What is more important is the fact that discrepancies between the consultant and his/her superior may be threatening to their professional reputation, which is a central element in the professional’s identity (Lowendhal, Revang & Fosstenlokken, 2001).

### Process # 3: High profile organizational culture

Knowledge-intensive firms manage culture in order to deal with two major issues: control and staff retention. Given the empty spaces of organizing (Hatch, 1999) in the knowledge-intensive firm, materialized in the relative absence of structure and leadership, professionals in these firms are controlled and made loyal through a strong

and shared organizational culture (normative compliance) as well as by utilitarian reasons (Etzioni, 1964).

In the case of Novabase, the cultural profile emphasizes minimal structures, minimal familiarity, and minimal stability. Hierarchy is rendered as invisible as possible and a dress code does not exist. The desired effect over employee loyalty seems to have been achieved, as demonstrated by the low turnover and the organization's position as fourth in a national 2001 ranking of the best companies to work for. According to the survey, the main advantage in working for Novabase is its "family spirit" and collaborative culture. One employee wrote in the 2000 annual report that this is the place "where friendships that go further beyond professional relationships are made. It is not surprising that the word employee appears so often – you see, at Novabase, people are really important." Thus, there is a remarkable similarity between Novabase's culture and the engineering company analyzed by Kunda (1992). The main complaint of the employees refers to the long working hours and the difficulty of balancing work and family life. This, again, is consistent with the profile of knowledge-intensive companies, as reported in the literature (e.g. Alvesson, 2000).

Utilitarian compliance is mainly satisfied via "intrapreneurship", which is nurtured by the adhocratic culture. Performance measurement and reward systems are carefully managed, stock options are granted to employees, and motivation is managed, to a great extent, through the possibility of developing individual ideas with the support of the organization. The clan-type elements of Novabase (expressed, for example, in "The best place to be" motto, frequently heard throughout the interviews, as well as in the "family spirit" referred to above) provide the means necessary for managing loyalty suggested

by Alvesson (2000): a positive corporate identity, and close social relationships among people. It is certainly not by coincidence that the company's newsletter, whose premiere issue was published in October 2000, is called *e-motion*. Both means (positive corporate identity and close relationships) were present in this company, and were used very effectively to achieve what Alvesson (1995) called "social-integrative management", namely a rhetoric for distinctiveness (as reflected in the description of the company as "the best place to be", or in the intention to preserve "the ideal space" for people, according to Rogério Carapuça, Chairman, in the 2000 address to shareholders) and the creation of a sense of community. These tend to reinforce normative control. Several additional means are used to create the sense of community discussed above, including a leisure club that organizes activities such as karting and photography. There is no department of human resources management. Instead, its substitute in the network is revealingly called Employee Care. As noted by Kets de Vries (2001), all these features are typical of the so-called "best companies to work for", which qualifies Novabase as a "vibrant organization", to use this author's words.

## DISCUSSION

### *Summary*

The findings in this case help to understand the dynamics of structure, culture, and leadership in the knowledge-intensive firm. The study suggests that there is a configuration of minimal structure, low profile leadership, and high profile organizational culture, which facilitates the difficult task of managing employee loyalty. This configuration is not new in the literature. It echoes, for example, McGill and Slocum's (1998) notion of "little leadership". In line with these authors' argument, the most effective leaders in my case were those who showed genuine interest for their

subordinates, and who *managed* leadership. They monitored relationships, they taught leadership while practicing it, they proved that leadership can be powerful yet invisible.

This paper contributes to the understanding of the knowledge-intensive firm by uncovering the interplay between structure, culture and leadership. More than independent elements to be dealt with at different levels of the organization, they provide mutual support and dynamic interactions which reinforce each other's effects. Low profile leadership, for example, is made possible because there is a high profile culture that is appropriate for highly educated and professionally socialized employees. More than bosses, leaders act as facilitators of sensemaking, whose function is to provide support and webs of meaning (Dougherty, Borrelli, Munir & O'Sullivan, 2000). When previous knowledge is inadequate and must be re-created (e.g. when employees have to answer questions such as "Are customers' complaints fair?", "How can this problem be solved?", "Can this material deliver that level of performance?") the leader is asked to intervene. The willingness of the leader to facilitate sensemaking, i.e. to participate in the development of a shared understanding about unexpected problems, is crucial for these professionals because of the nature of their work (Mintzberg, 1998). This is characterized, among other things, by the stickiness of information to its local context, which precludes the anticipation of problems, and by the potential difficulty in interpreting client needs, which are often under-articulated at best (Von Hippel, 1994; Griffin & Hauser, 1993).

#### *Limitations and directions for future research*

As a theory-building case study research, the purpose of this paper is to conceptualize, not to generalize. Studies investigating the interplay between structure, culture, and

leadership in other knowledge-intensive firms are necessary to validate the observations presented here. Different organizational structures will provide an important point of comparison to this analysis. It would be important, for example to study the interplay between structure, culture and leadership in cases other than network structures. Functional structures, for example, may offer interesting contrasts. Of course, corroboration of the proposition that low profile leadership, high profile culture and minimal structures facilitates employee loyalty, requires more rigorous empirical testing. The analysis of the long-term evolution of this organization may also offer relevant insights into how it is that age and size, among other possible variables, influence the management of professionals. As noted above, the organization is still in its growth phase, which means that resources are booming and career opportunities are abundant. A process of internationalization has only started, which promises new opportunities. Maturity will possibly bring about important changes that will be worth following-up.

### *Implications*

This paper has discussed how culture, structure and leadership combine to facilitate the constitution of a loyal workforce of experts. The elements indicated here have been previously identified as relevant for managing people in the knowledge-intensive firm (e.g. Alvesson, 2001). I have tried to contribute to this literature by revealing the interplay between structure, culture and leadership as a combination of three complementary and mutually reinforcing processes. Each process backs up the other two. For example, organizational culture, by emphasizing initiative and loyalty, substitutes the leader's role. Low profile leaders, in turn, make the organizational culture more salient and provide personal support and opportunities for sensemaking –

when necessary, not obtrusively. This appears to be particularly important during client assignments, when consultants have to cope with ambiguity and need to find out how to deal with unexpected contingencies (Morris & Empson, 1998). When culture is not enough, leaders must show up. Minimal structures mediate the relationship between the organization's culture and the leader's role. They are minimal enough to be compatible with a culture of autonomy and initiative, and strong enough to allow the coordination of the expert workforce as well as to introduce high performance standards and clear time horizons.

As such, this research has helped to understand how a configuration of organizational processes is developed in order to create workforce loyalty. The case suggests that loyalty grows when the organization proves its ability to create a favorable context for professionals, i.e. an environment where people feel free to act while knowing that the system will help to deal with novel and ambiguous situations that require sensemaking of unexpected and professionally threatening events.

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Table 1

Novabase cultural profile

<b>Type</b>	<b>Average</b>	<b>S.D.</b>
Clan	93	46
Adhocracy	162	51
Hierarchy	61	33
Market	84	47

Table 2

## Cultural type by organization

<b>Organization</b>	<b>Clan</b>	<b>Adhocracy</b>	<b>Hierarchy</b>	<b>Market</b>
CFocus	108	240	33	20
Mentor IT	102	195	34	69
NBDM	84	155	64	98
NBDQ	30	210	60	100
NBO	89	159	68	85
NBPorto	102	159	73	66
NBServiços	80	170	44	106
NBSaúde	130	180	30	60
NBSD	98	158	49	98
NBSGPS	114	174	31	81
NBSI	96	163	60	81

Table 3

## Immediate values

Value	Description	Evidence
Informality	Coordination of work based on personal (e.g. trust) rather than impersonal mechanisms (e.g. rules)	“Our director is never locked in his office. He often shows up to see if everything is OK”
Entrepreneurship	Action should be triggered by the individual, not by the organization	“Our leaders value entrepreneurial initiative. Some of them have overtly defended internal entrepreneurship”
<i>Esprit de corps</i>	Success is a consequence of a strong commitment to the organization	“When there is an event [annual meeting, company day, Christmas party] I always feel energized. I really feel I belong. I want to do my best for this company”
Performance orientation	Good performance is crucial for success	“This is a high performance company. I believe we are very competitive compared to the other companies in this industry”
Diversity	The organization tolerates, even stimulates, diverse interpretations and points of view	“Our leadership is extremely heterogeneous. This is good, because people complement each other. Sometimes they engage in conflict. But that is also positive.

		We have a culture of conflict.”
Orientation towards the future	Strong concern with the future consequences of current actions and decisions	“We try hard to stay at the forefront of technology development”
Innovation	The organization’s major task is the creation of novelty, both internally and in the market	“I remember this project leader who is not afraid of innovation. He is not ‘addicted’ to the old ways.”
Efficiency	Resource utilization should be optimized	“We need to continuously improve our quality and efficiency. This must be a central concern for the coming years”
Trust	Organizational members should be willing to act in favor of each other, in the absence of incentives to do so	“We all have responsibilities as professionals. However, more than giving us responsibility, our superiors trust us. They are not watching over our shoulder.”
Human resource development	Human resource development is thought of as a key requirement for corporate success	“It is clear for us that, in this sector, we need to constantly expand our skills.”
Competence	Competence must be rewarded and cultivated	“We all know that we have to be very competent in our job. Nobody tells it to us. We just know it.”

Table 4

Value aggregation: From immediate values to intermediate categories, to final values

Immediate values	Intermediate categories	Final values
Trust	Freedom	Minimal structure
Entrepreneurship		
Competence	Structure	
Performance orientation		
Informality	Individuality	Minimal familiarity
Diversity		
<i>Esprit de corps</i>	Conformity	
Personal development		
Innovation	Innovation	Minimal stability
Orientation towards the future		
Efficiency	Routine	

Table 5

Leadership practices: Positive and negative

(the number of occurrences is presented in parentheses)

<b>Positive</b>	<b>Negative</b>
Participation and communication (15)	Emphasis on technical competencies (24)
Autonomy with structure (15)	Lack of control and excess of informality (21)
Coaching and support (7)	Power distance (4)
Visionary leadership(6)	Deficiencies in customer management (4)
Feeling of belongingness (4)	Lack of attention to individual needs (3)
Recognition (3)	Functional territoriality (2)
Leading by example (3)	
Synthesis of human and operational values (2)	