



BRIEF ANALYSIS OF SOME SOURCES OF MANAGERIAL INNOVATION

Tudor CIUMARA, PhDⁱ

Rezumat

Această lucrare a fost realizată în cadrul proiectului "Cercetarea științifică economică, suport al bunăstării și dezvoltării umane în context european", cofinanțat de Uniunea Europeană și Guvernul României din Fondul Social European prin Programul Operațional Sectorial Dezvoltarea Resurselor Umane 2007-2013, contractul de finanțare nr. POSDRU/89/1.5/S/62988". Titlurile și drepturile de proprietate intelectuală și industrială asupra rezultatelor obținute în cadrul stagiului de cercetare postdoctorală aparțin Institutul Național de Cercetări Economice „Costin C. Kirițescu” al Academiei Române.

În articol sunt prezentate rezultatele unei cercetări ce a pornit de la întrebarea "Cine generează marile schimbări în practicile manageriale?". Am analizat 50 de modele de management apărute în ultimii 70 de ani. Răspunsurile obținute indică faptul că în general noile modele de management sunt dezvoltate de reprezentanți ai mediului academic și de consultanți în management. Se constată o aparentă accelerare a ratei de apariție de noi modele de management.

Abstract

This paper is supported by the Sectorial Operational Programme Human Resources Development (SOP HRD), financed from the European Social Fund and by the Romanian Government under the contract number SOP HRD/89/1.5/S/62988.

ⁱ *Scientific researcher III, Centre of Financial and Monetary Research "Victor Slăvescu", Romanian Academy.*

This paper presents results of a research that started with the question "Who generates the major changes in managerial practices?". We analysed 50 management models that emerged in the last 70 years. The responses obtained show that the new management models are generally developed by academics and management consultants. There is an apparent acceleration in the rate of appearance of new management models.

Keywords: managerial innovation, consultancy, management models

JEL classification: M10, O31

This paper is a brief analysis of some sources of managerial innovation. Generally, all that is related to the activity of companies may be perfected: their products or services, the marketing activities, the technologies used, the way the staff is trained, the relation with the environment etc. Innovation is one of the ways to obtain these improvements. Just like all the other aspects of company operation such as the products, services or technologies are influenced by processes of innovation, management too can be improved by innovation. After all, the way that the companies are run doesn't remain unchanged and smaller or bigger changes keep being noticed in time.

The managerial innovation can be defined as the introduction of new management practices in the company with the purpose to upgrade its performance (Birkinshaw and Mol, 2009). Hamel and Breen (2010) introduce another perspective on the managerial innovation which they see as a practice that can change substantially the management activity and changes significantly the standard practices of a company; these changes make the company accomplish its goals.

The actual form taken by the managerial innovations can vary or can be interpreted or perceived differently. For instance, Hamel (2006) proposed a list of 12 innovations which impacted strongly on modern management. These innovations have been selected together with Birkinshaw and Mol from a much larger set of management innovations, depending on the scale of innovation, the competitive advantage it provided to the companies which adopted

the innovation first and the persistence of the innovation to the present moment. The most important managerial innovations selected according to these criteria are:

- The Scientific management;
- The analytical Cost accounting and variance analysis;
- The commercial research laboratory;
- ROI analysis and capital budgeting;
- Brand management;
- Large-scale project management;
- Divisionalisation;
- Leadership development;
- Industrial consortia (multicompany collaborative structures);
- Radical decentralisation (self organisation);
- Formalised strategic analysis;
- Employee-driven problem solving.

Although these elements seem natural within the modern managerial processes, there was a moment when they have been actually “invented”. Previously to that moment these instruments or techniques were not used. For instance, the use of Gantt diagrams is natural at this moment, but a century ago this instrument was practically unknown. It was developed by the management consultant Henry Gantt in 1910-1915. Accepting that most of the managerial instruments used presently have been developed during the past century, we think that it would be interesting and useful to analyse who are those at the origin of the managerial innovations. If we accept the idea that managerial performances are a source of competitive advantage for the companies and the fact that innovation can be a source of increasing these performances, it results that by discovering the sources of managerial innovations we may control better a drive of company development.

The starting point of the research was the question “Who generates the great changes in the managerial practices?” To answer this question, we analysed several management models with the purpose to see which are the sources of their development.

To clarify the notion of “management model” we will use the explanation given by Birkinshaw [2009(2)]. By analogy with the notion of “business model”, which actually is the way in which the company makes profit, the concept of management model has a

complementary role referring to the choices the companies make regarding what happens inside the organisation. The management models refer to the way in which the leadership of the company defines the objectives, motivates the effort, coordinates the activities and allocates resources.

We start from the premises that the way in which companies are run, the techniques and instruments used by the company management, have a life cycle which starts once the model, technique or instrument has actually appeared; after a process of evolution and transformation, which can be longer or shorter, the moment when they are replaced comes.

Our research relied on the book *Success models of company management* (Ten Have, Steven et al., 2008), which was the selection basis for analysed models. The authors of the book present 50 management models with important impact on the companies. We cannot neglect that the process of management model selection has an important subjective side, but this element was integrated within the concept of the study, the results being validated by the subsequent development in the field.

Our approach was to collect data allowing the analysis of the models in terms of their origin. Thus, we tried to determine the year in which the model was launched, the person or organisation author of each model and the professional background of each author. While these elements were determined with no difficulty for some models, obstacles appeared for other. The most obvious obstacle was that several management models evolved simultaneously and it is difficult to determine with accuracy who is the author of the model and the year each model was launched. Another difficulty was to determine exactly which was the professional status of the authors at the moment when the management model appeared. There were frequent situations when the authors had mixed professional activities and in some situations we preferred to notice this status.

Finally we obtained the data we wanted for all the 50 management models. Although different interpretations are possible regarding the aspects mentioned earlier, the most important ones being the determination of model origin and the selection of the 50 cases from the multitude of existing management models, we consider that our analysis is valid and relevant for its purpose. The data we obtained do not have statistical relevance and we didn't even intend to accomplish

this. However, they provide clarifications to the initial question “Who generates the great changes in the managerial practices?”

The names of the management models we took into consideration, the year they were launched, the names of the authors and their professional status are presented in the end of the paper. The table below is a synthesis of our results.

Author status	Period							Total	Percent of total models
	1940-1949	1950-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009		
Consultancy			1		5	7		13	26%
Academic environment	1	1	2	4	5	4	1	18	36%
Academic environment and consultancy		2		3	2	4		11	22%
Management	1			1	1			3	6%
State administration					1			1	2%
Non-profit foundations						1		1	2%
Engineering						1		1	2%
Army	1	1						2	4%
Total management models	3	4	3	8	14	17	1	50	100%
Percent of total	6%	8%	6%	16%	28%	34%	2%	100%	

Two elements are apparent from the table above: over three quarters of the studied management models appeared between 1970 and 1999, and over three quarters of them were produced by authors working in consultancy and in the academic environment. These are the defining elements of the research. It can be seen that the process of management models development accelerates¹, as well as that the consultants and the representatives of the academic environment play a very important role in the development of new management models.

It may be surprising that just 3 of the management models were developed by company leaders. The reality probably is that most

¹ The interval 2000-2009 is poorly represented because the original edition of the book from which we selected the models was published in 2003.

models are a synthesis of many actual managerial experiences, only that the representatives of the academic environment and the managerial consultants were more able to extract the essence of this experience. After all, much of the consultant's work, for instance, takes place within companies, where they have the opportunity to observe and test ideas and practices. Thus, they are very well placed in order to develop a new management model with a wider applicability. Similarly, the management professors are exposed to the newest theories and research and they are thus prepared to give shape to a new model. Company managers, on the other hand, are more concerned by the details regarding the activity of their company and are less interested in generating theories with broader applicability. Managers are often interested even not to popularise some successful instruments or models which give a competitive advantage to their company, thus avoiding to provide support to their competition.

The analysis shows that the representatives of the academic environment had the most consistent and constant contribution. The influence of the military contribution was rather important during the post-war period, but it yielded in front of the managerial specialisation. The recent decades seems to prove the increasing importance of the management consultants in the business world. We cannot ignore that many times there is a very tight relation between consultancy and the academic environment; many professors make private use of their knowledge by providing extracurricular consultancy, while many consultants use their expertise to teach or conduct scientific activities.

The analysis responded to the question "Who generates the great changes in the managerial practices?" This answer is not complete or final because we studied a limited number of models, but it is relevant for this stage of the research.

More important still, the collected data generated a new question: "How do the great changes in the managerial practices appear?" An initial judgement suggests that there may be a fundamental difference between the way in which a management consultant and a management professor develop a new management model: the consultant extracts a lot of information from his/her work experience in different companies and tries to provide a pragmatic response to the emerging managerial problems. Thereafter, he/she tries to make

a framework, a managerial process which to apply repeatedly in the different companies he/she advises. The management professor, on the other hand, can make case studies to see how the different problems have been solved and when he/she sees similitudes may extract that information and use them to construct a new model. From this perspective, the activity of the management professor may have a stronger reactive character than the activity of the consultant. These elements will be analysed more thoroughly in subsequent papers.

The analysis of this topic is of great importance in a moment when the technological and product innovation receive much more attention than the managerial innovation. If the managerial innovation is not generated in the amount and at the standard of quality necessary to establish a balance within the organisations, undesired gaps may appear in the way the organisations are run and the role they are expected to play within the society.

References

1. Mol M., Birkinshaw J. (2009), *The sources of management innovation: When firms introduce new management practices*, Journal of Business Research, No. 62/2009
2. Birkinshaw J. (2009), *Model management*, Strategy magazine, ed. 21, September.
3. Hamel G., Breen B. (2010), *Viitorul managementului*, Publica Publishing House, Bucharest.
4. Hamel G. (2006), *The why, what and how management innovation*, Harvard Business Review, February.
5. Ten Have S., Ten Have W., Frans S, Van der Elst M. (2008), *Modele de succes pentru managementul firmelor*, Andreco Educational Group, Bucharest.

No.	Management model	Year of implementation	Author	Author status
1	Kaizen	1940	Taiichi Ohno	Management
2	Eisenhower's effective time management	1940	Dwight D. Eisenhower	Army
3	Maslow	1943	Abraham Maslow	Academic environment
4	Scenario planning (Shell)	1950	Herman Kahn	Army
5	Deming's cycle	1950	Edwards Deming	Academic environment, consultancy
6	The marketing mix	1953	Neil Borden	Academic environment
7	Ansoff's product/market grid	1957	Igor Ansoff	Academic environment, consultancy
8	SWOT analysis	1960	Albert Humphrey	Academic environment
9	Compliance typology	1965	Amilai Etzioni	Academic environment
10	BCG matrix	1968	Boston Consulting Group	Consultancy
11	Just-in-time	1970	Taiichi Ohno	Management
12	Greiner's growth model	1972	Larry Greiner	Academic environment, consultancy
13	Mintzberg's management roles	1973	Henry Mintzberg	Academic environment
14	Nolan's IT growth stages	1973	Richard Nolan	Academic environment
15	The gods of management	1978	Charles Handy	Academic environment
16	Adizes' Paai management roles	1979	Ichak Adizes	Academic environment
17	Competitive analysis – Porter's five forces	1979	Michael E. Porter	Academic environment, consultancy
18	Generic competitive studies	1979	Michael Porter	Academic environment, consultancy
19	The 7-S framework	1980	Tom Peters, Robert Waterman	Consultancy
20	Value-based management	1981	Jack Welch	Management
21	Beibin's team roles	1981	Meredith Belbin	Academic environment
22	Cultural dimensions – Hofstede's model	1981	Geert Hofstede	Academic environment
23	EVA – economic value added	1982	Joel Stern	Consultancy
24	Kraljic's purchasing model	1983	Peter Kraljic	Consultancy
25	Competitive values of organisation effectiveness	1983	Robert Quinn, John Rohrbaugh	Academic environment
26	Neurotic organisation	1984	Manfred Kets de Vries, Danny Miller	Academic environment, consultancy

27	Value chain	1985	Michael Porter	Academic environment, consultancy
28	Malcom Baldrige Award	1987	US Congress	State administration
29	Activity based costing (ABC)	1987	Robert Kaplan, Robin Cooper	Academic environment
30	Covey's seven habits of highly effective people	1989	Stephen Covey	Consultancy
31	Socio-technical organisation	1989	Eric Trist, Ken Bamforth, Fred Emery	Consultancy
32	Benchmarking	1989	Robert C.Camp	Academic environment
33	The chaos model	1990	Robert Zuijderhoudt	Consultancy
34	The fifth discipline	1990	Peter Senge	Academic environment
35	Kotter's eight phases of change	1990	John Paul Kotter	Academic environment
36	Mintzberg's configurations	1990	Henry Mintzberg	Academic environment
37	Business process redesign	1990	Thomas Davenport, J. Short	Academic environment, consultancy
38	Core competences	1990	Gary Hamel, Coimbatore Krishnarao Prahalad	Academic environment, consultancy
39	The seven forces model	1991	Berenschot	Consultancy
40	EFQM model	1991	EFQM	Non-profit foundation
41	Basic quadrants	1992	Daniel Ofman	Consultancy
42	The balanced scorecard	1992	Robert Kaplan, David Norton	Academic environment, consultancy
43	Valuedisciplines	1993	Michael Treacy, Fred Wiersema	Consultancy
44	The capability maturity model	1993	Watts Humphrey	Engineering
45	Kay's distinctive capabilities	1993	John Kay	Academic environment, consultancy
46	Parenting advantage	1994	Michael Goold, Andrew Campbell, Marcus Alexander	Consultancy
47	Levers of control	1995	Robert Simons	Academic environment
48	Berenschot's model of project management	1998	Berenschot	Consultancy
49	Quadrants of change	1999	Berenschot	Consultancy
50	Schools of strategy synthesis	2001	Tom Eifrig, Henk Volberda	Academic environment