

Dynamics of Managerial Innovation

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2 **Dynamics of Managerial** 3 **Innovation**

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9 **Synonyms**

10 [Change](#); [Improvement](#); [Management innovation](#);
11 [Organizational change](#); [Organizational](#)
12 [innovation](#)

13 **Definition**

14 Managerial innovation may be defined as the
15 adoption of management, organizational and
16 operational methods, and modes that are new to
17 an organization and that aim to improve
18 organizational performance.

19 **Introduction**

20 In the context of today's increasingly complex and
21 constrained financial and budgetary environment,

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innovation is the primary means for improving 22
the effectiveness and efficiency of public policies 23
and, more generally, of the quality of public 24
services. Following Rogers (2003), Lancer Julnes 25
(2008), and Damanpour and Schneider (2008), 26
innovation can be defined as the generation and 27
adoption by an organization of new ideas and 28
behaviors. Among the different types of innova- 29
tion, public organizations in their vast majority 30
resort to organizational and managerial innova- 31
tions bearing on management techniques and 32
modes of internal functioning and organization. 33
If academic research today considers managerial 34
innovation as a specific form of innovation with 35
its own identity, the number of studies devoted to 36
it are few compared to the volume of research on 37
other types of innovation. Managerial innovation 38
is addressed through its different forms and 39
characteristics as well as its determinants. 40

41 **Definition and Characteristics of** 42 **Managerial Innovation**

43 Managerial innovation may be defined as the
44 adoption of management, organizational and
45 operational methods, and modes that are new to
46 an organization and that aim to improve organi-
47 zational performance. According to the interpre-
48 tive approach, standards of newness are not
49 absolute (they are not measured against identical
50 referential frameworks) but instead are relative to
51 a particular organization and its usual practices.

t1.1 **Dynamics of Managerial Innovation, Table 1** Typology of managerial innovations according to their nature and
 t1.2 impact

		Nature of the managerial innovation	
		Oriented toward structure/mode of organization	Oriented toward process and managerial tools
t1.4 Extent of change	Includes all parts of the organization	Comprehensive structural innovation	Comprehensive process innovation
t1.5	Limited to specific parts of the organization	Local structural innovation	Local process innovation

52 Managerial innovation covers a wide range of
 53 objects that can nevertheless be grouped into two
 54 generic categories: innovations to do with organi-
 55 zation and structure, and innovations to do with
 56 managerial techniques and processes. Managerial
 57 innovations can also be differentiated according
 58 to their intensity, defined as the impact of the
 59 innovation on the organization, on its dominant
 60 organizational paradigms, and its competencies.
 61 According to their intensity, they lead in varying
 62 degrees to a transformation of the organization, of
 63 its resource management, and internal activities.
 64 By this criterion, one can distinguish compre-
 65 hensive managerial innovations, which have a strong
 66 organizational impact, from incremental ones,
 67 which have relatively limited organizational
 68 impact. These two descriptive dimensions allow
 69 to distinguish the four forms of managerial inno-
 70 vation (See Table 1).

71 Managerial innovation as a practice and as an
 72 object of research faces a paradoxical situation in
 73 the public sector. Indeed, even though it repre-
 74 sents an increasing share of public innovation,
 75 and despite its positive influence on organiza-
 76 tional performance, it has long been considered
 77 secondary and remains relatively neglected by
 78 academic research). The great majority of
 79 research studies have concerned technological
 80 innovation related to processes or products, and
 81 most models, theories, and hypotheses have been
 82 developed on the basis of empirical studies
 83 focused on this one type of innovation. In both
 84 the public and private sectors, managerial inno-
 85 vations have usually been studied through the lens of
 86 technological innovation. However, to assume
 87 that theories and models derived from the study
 88 of technological innovation can be transposed to

89 managerial innovation is problematic, all the more
 90 so in that numerous research studies have pointed
 91 out major differences between these two forms
 92 of innovation. Indeed, the tacit knowledge
 93 characteristic of managerial innovations, their
 94 lower transferability due to their identification
 95 with individuals, their systemic character (the
 96 ramifications of their influence on other organiza-
 97 tional elements), and their impact on the organi-
 98 zation's social system are all factors that make
 99 their diffusion and implementation much more
 100 complex than is the case for technological inno-
 101 vations. This is a key distinguishing characteristic
 102 of managerial innovations. Indeed, in contrast to
 103 technological innovations, where transformations
 104 mainly concern the technical system of the
 105 organization, managerial innovations go hand-
 106 in-hand with changes in internal operating
 107 methods and social interactions. By modifying
 108 hierarchical relations and decision-making
 109 procedures, they inevitably affect actors' zones
 110 of power and influence as well as internal balances
 111 and social arrangements. Moreover, by throwing
 112 into question not only the practices but also
 113 the values and representations associated with
 114 organizational routines, managerial innovations
 115 are liable to upset an organization's system of
 116 social norms and rules. This risk of conflict with
 117 the internal social system is all the greater in the
 118 public sector in that most managerial innovations
 119 are derived from the private sector or the princi-
 120 ples of New Public Management; as such, they
 121 upset the public sector's traditional bureaucratic
 122 and hierarchical mode of management and the
 123 organizational behaviors and routines (stability,
 124 rules-based conformity, etc.) associated with
 125 it. Managerial innovations with a mainly private

126 focus induce a transformation of the administra- 171
127 tive organization's behaviors and values and of its 172
128 modes of internal interaction (Bouckaert and 173
129 Halligan 2008). 174

130 **Determinants of Managerial Innovation**

131 Studying the determinants of managerial 179
132 innovation implies analyzing the factors that 180
133 influence it during the different phases of its 181
134 development. Indeed, innovation is generally 182
135 conceptualized as a multiphase process composed 183
136 of four main stages: awareness, adoption, imple- 184
137 mentation, and institutionalization/routinization 185
138 (Damanpour and Schneider 2006). Innovation 186
139 can also be understood as a multidimensional 187
140 phenomenon whose dynamics are influenced by 188
141 a diversity of factors both internal and external to 189
142 the organization. Research on antecedents to inno- 190
143 vation generally considers three groups of factors: 191
144 environmental and contextual; organizational; 192
145 and intrinsic innovation characteristics). In the 193
146 public sector, most studies have focused on the 194
147 organizational or environmental determinants. 195
148 Some studies, for example, have highlighted the 196
149 positive influence on local governments' innova- 197
150 tion decisions of environmental factors such as 198
151 economic growth, population growth, the tax 199
152 base, and the size of the community in which the 200
153 organization is located. These studies draw on 201
154 contingency theory, which considers innovation 202
155 to be an adaptation of an organization's structures 203
156 to changes in the environment. Innovation is thus 204
157 seen as a response to change in terms of opportu- 205
158 nities and constraints on development. Within the 206
159 category of environmental factors, numerous 207
160 studies, drawing on new institutional theory have 208
161 focused on characterizing the influence of institu- 209
162 tional pressures and the political context on inno- 210
163 vation choices. Mimetic behavior and the quest 211
164 for legitimacy are said to largely explain the 212
165 dynamics of innovation in the public sector. 213
166 A second group of studies focuses on the influ- 214
167 ence of a variety of organizational characteristics, 215
168 including size, the nature of the structure (organic 216
169 or mechanistic), communication, resources, intra- 217
170 organizational relations, and integration. In this 218

category of determinants, the role and character- 171
istics of managers and political and administrative 172
leaders has been studied in considerable depth, 173
bringing to light the particular influence of each 174
type of actor on the dynamics of innovation in 175
public organizations. A third group of studies, 176
growing in number as researchers become more 177
active in this area, has focused on analyzing the 178
influence of the perceived characteristics of 179
innovation on its process of adoption and diffu- 180
sion in the public sector. For example, some 181
researches have highlighted the influence on the 182
dynamics of innovation of factors such as the cost 183
of innovation, its complexity, and its impact or 184
relative advantage. The most recent research on 185
the dynamics and processes of innovation address 186
the theme of collaborative innovation and the role 187
of actors and inter- and intraorganizational net- 188
works, as well as that of the link between public 189
innovation and governance. Dubouloz and 190
Mattelin Pierrard (2017) confirm the importance 191
of internal factors in the dynamic of innovation 192
and more specifically, the influence of the charac- 193
teristics and attributes of managerial innovations. 194
Even though these studies, then, individually or 195
collectively, have addressed the main determi- 196
nants of public innovation, they all suffer from 197
a common weakness, namely, that each type of 198
innovation is studied in isolation and any potential 199
relation between one type and another is ignored 200
(Damanpour and Aravind 2012). Thus, despite 201
their theoretical and empirical contributions to 202
the study of the determinants of public managerial 203
innovation, they pay no attention to the mecha- 204
nisms whereby innovations may influence each 205
other (Damanpour 2014). Recent research, how- 206
ever, has brought to light the existence of potential 207
relationships and interdependencies between dif- 208
ferent innovations in the same organization 209
(whether these innovations are the same or 210
different in type) (Battisti and Stoneman 2010). 211
Nevertheless, empirical data and studies on the 212
complementarity of innovations remain rare 213
(Damanpour 2014). This integrative approach or 214
evolutionary perspective (Torugsa and Arundel 215
2015) is advocated by, among others, Roberts 216
and Amit (2003) and Damanpour (2014). It argues 217
that innovations are neither mutually exclusive 218

219 nor neutral relative to each other but, on the contrary, are linked by relations of mutual influence and therefore interdependent. The adoption of one type of innovation can facilitate or influence the adoption of other types of innovations (Torugsa and Arundel 2015). Even though these studies do not specifically address public managerial innovations, they nevertheless enable us to postulate two types of links between innovations.

228 Dynamics of Managerial Innovation

229 A principle of reciprocal evolution or joint optimization between the social system (influenced by managerial innovation) and the technical system (determined by product innovation) can be put forward; with the evolution of one triggering a transformation of the other. Indeed, to be both efficient and effective, the development of new products and processes requires organizational change. The literature, on this point, is unanimous: managerial innovations are triggered by the technological innovations that precede them. Indeed, the former can be said to be at the service of the latter, facilitating their enactment and helping to realize their full potential (Damanpour 2014). This dependent relationship (considered by Damanpour to be reciprocal between technological innovations and managerial ones), which suggests a time dimension between the different types of innovation, has given rise to two main categories of temporal model: on one hand, the sequential model (Damanpour et al. 2009) and, on the other hand, the co-evolution model (Roberts and Amit 2003) also known as the synchronous innovation model. If the first model supposes a sequential character and causal relations between the different innovations, it does not put forward any hierarchy or order of subordination between them. Thus, according to Damanpour (2014), technological innovations could as readily be determinants as consequences of organizational innovations. The analysis of innovations at 85 public libraries (from which the sequential model is derived) has shown that changes in the social structure of the organization, changes that resulted from managerial innovations, can

264 subsequently lead to technical and technological innovations. The second category of model (the co-evolution or synchronous innovation model) is, for its part, an expression of the quasi-simultaneous adoption of different types of innovation that are complementary. This complementarity concerns the implementation of innovations as much as it does their performance outcomes. This second type of model is derived from the analysis of technological innovations of the product type in the manufacturing sector. However, some studies show a combined use of technological and administrative innovations. The hypothesis of an indirect link between innovations is based on the notion of innovation capability and, more generally, on the concepts of organizational and dynamic capabilities. From this perspective, innovation promotes, over time, the development of greater innovation capability, defined as the aptitude to develop new ideas, products, and processes (Luo et al. 2005). It contributes to the establishment of new representations and behaviors (creativity, for example, or risk-taking) as well as interactions and learning that promote still greater innovation. Studies show that certain categories of public innovation, based on managerial autonomy, accountability, and results-based evaluation, foster the development of an innovation culture, a culture that in its turn goes on to promote better performance and new innovations. By producing new organizational knowledge and by modifying internal behaviors and representations, innovation positively influences the organization's innovation capability.

Conclusion

299 Further research should focus on the characterization and analysis of the innovation learning process, identifying its individual and collective components. Organizational determinants such as the structuring of organizational memory (accumulation of innovative experiences), the weight of internal communication, human factors such as leadership style, and environmental factors such as institutional and mimetic isomorphism in reference to New Institutionalism can

309 enrich the nature of the determinants. Managerial
 310 innovation represents both a promising research
 311 domain and a vector for improving and modern-
 312 izing public action.

313 Cross-References

- 314 ► [Innovation and the Public Workplace](#)
- 315 ► [Innovation and Tradition in Public](#)
 316 [Administrative Reform](#)
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