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## Dynamics of Managerial Innovation

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# D

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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 impact

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

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](#)
- 317 ► [Innovations in Administrative Reforms](#)
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- 319 [Organizations](#)
- 320 ► [Organizational Innovation](#)

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