

Advancing Management Innovation: Synthesizing Processes, Levels of Analysis, and Change Agents

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Abstract

Despite the mounting evidence that innovation in management can fuel competitive advantage, we still know relatively little about how firms introduce new ways of managing. The goal of this introductory essay—and the Themed Section it introduces—is to advance this knowledge. To this end, we first synthesize the main developments in the field of management innovation and show that the field has branched into four main theoretical perspectives (rational, institutional, international business, and theory development perspectives). We then address the fragmentation issue that emerges from our review by proposing a co-evolutionary framework of management innovation that takes into account the dynamic and multilevel nature of the concept; we thus integrate the generation, diffusion, adoption, and adaptation phases of the management innovation process at the organizational, inter-organizational and macro level. Our integrative framework also addresses the role of human agency (managerial intentionality of internal and external change agents) and makes a distinction between three types of management innovations (new to the world, new to the organization and adapted to its context, and new to the organization without adaptation). Furthermore, we discuss the contributions of the studies included in the Themed Section and identify several avenues for future research that we consider priorities for driving the further development of the field.

Keywords

adaptation, adoption, change agents, diffusion, generation, management innovation, multilevel, process, rational actor

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Introduction

Management scholars have long recognized innovation as an engine for growth (Schumpeter, 1983). Accordingly, it is not surprising that there is an abundance of research on innovation. Interestingly, the past decade has seen a surge in scholarly attention to a particular type of innovation: *management innovation*, which refers to the introduction of new management practices, processes, and structures that are intended to further organizational goals (Birkinshaw, Hamel, & Mol, 2008; Mol & Birkinshaw, 2009). In other words, management innovation denotes significant change in the way that managerial work is performed (Hamel, 2006).

The growing focus on management innovation may be due in part to the growing realization that innovative approaches to management and organizing drive firm performance. For instance, Hamel (2006) attributes the impressive rise of firms such as Toyota and Visa to the development of total quality management and the adoption of a virtual-organization structure, respectively. Complementary evidence from large-scale empirical tests supports the positive effects of management innovation on performance outcomes (e.g., Camisón & Villar-López, 2014; Damanpour, Walker, & Avellaneda, 2009; Mol & Birkinshaw, 2009). Other studies push this relationship even further, and argue that management innovation can provide long-term competitive advantage as it is a resource that is valuable, rare, inimitable, and firm-specific (Hamel, 2006; Mol & Birkinshaw, 2006).

However, despite the recent surge in scholarly attention and despite the key role that management innovation plays in enhancing company performance, management innovation research is still very much under-represented in the vast literature on innovation (Crossan & Apaydin, 2010; Volberda, Van den Bosch, & Heij, 2013). Perhaps this is not totally surprising considering that management innovation is more difficult to study than technological innovation; it is more tacit in nature, its boundaries are more difficult to define and identify (Birkinshaw et al., 2008), and it also tends to be more systemic (Hamel, 2006). Notwithstanding these challenges, advancing our understanding of how firms introduce new ways of managing will have substantial benefits in terms of enhancing firm performance. Thus, the main goal of this introductory essay and Themed Section is to answer the question: How can organizations improve and speed up the generation, adoption, and diffusion of management innovation?

In this introductory essay, we make several contributions towards achieving a better understanding of how to stimulate management innovation. Our first step towards this goal is to provide an overview of the current state of management innovation research. Using bibliometric analysis, we review existing research to map out main research streams and to synthesize important developments in the field. We find that while significant advances are being made, the field is fragmented, with theory being developed for different types of management innovation, for different levels of analysis, or for different stages of the innovation process. In addition, in many perspectives the role of human agency is not articulated or spelled out. Our second contribution is to propose a co-evolutionary framework that integrates existing research by considering the dynamic and multilevel nature of the management innovation process. Our co-evolutionary framework helps to explain the relationships between the different types of management innovation and the different stages in the process of management innovation, and as such reduces the fragmentation of the field. Third, we emphasize the importance of human agency by elucidating the role that internal change agents (managers) and external change agents (including thought-leaders, academics, and consultants) play in this process at different levels of analysis. Finally, we identify several major research avenues that we believe hold great potential to advance research.

In the next section, we analyze the current state of research. We then propose a co-evolutionary framework of management innovation. We conclude this introductory essay by discussing the contributions of the studies included in this Themed Section and identifying avenues for future research.

Where is the Field of Management Innovation Going?

In recent years, the management innovation field has seen a resurgence in conceptual work (Ansari, Fiss, & Zajac, 2010; Volberda et al., 2013), historical outlines of various management innovations (Mol & Birkinshaw, 2007), and empirical studies (Damanpour et al., 2009; Vaccaro, Jansen, Van Den Bosch, & Volberda, 2012a; Vaccaro, Volberda, & Van Den Bosch, 2012b). It is fair to say that Birkinshaw et al.'s (2008) article was the key basis of this development as it defined the concept and provided a process framework on the invention and implementation of management innovation at the organizational level of analysis. Since much of the subsequent literature on management innovation builds on the Birkinshaw et al. (2008) article, this was also the starting point for our review of the state-of-the-art research on management innovation.

We used a bibliometric analysis to organize existing research on management innovation. The bibliometric analysis (performed by the Centre for Science and Technology Studies, Leiden University, and based on the Thomson Reuters Web of Science bibliographic database) maps the structure of all Social Science Citation Index (SSCI) publications that cite Birkinshaw et al.'s (2008) paper and all publications citing any of these publications—a set of 361 publications. A visualization that included all these publications would be very difficult to interpret, so we include in our analysis only the 51 publications that have been cited at least five times. To categorize these publications, we use Waltman and Van Eck's (2012) clustering technique that considers citation relations between publications. Publications in the same cluster have strong connections to one another, while those in different clusters are less strongly connected. Figure 1 presents the resulting clusters. In order to simplify the map, non-essential citations are not shown. (A citation relation from publication A to publication B is considered non-essential if there is also another citation path from publication A to publication B, for instance if publication A also cites publication C and if publication C cites publication B.) The symbol of a publication indicates the cluster to which it belongs (circles, triangles, pentagons, or squares). Where publications do not have a symbol, this indicates they do not have sufficiently strong citation relationships to other publications to be assigned to a cluster.

It is clear from Figure 1 that four distinct areas of management innovation research have emerged. For each area we can also see the leading publications.

Rational actor perspective

On the far left (the circles in Figure 1), the rational actor perspective builds primarily on the core papers in management innovation—for example, Birkinshaw et al. (2008) on the process of management innovation, Damanpour et al. (2009) on the performance effects, and Mol and Birkinshaw (2009) on the sources of management innovation.

The rational perspective of management innovation, which draws on Abrahamson's (1991, p. 590) "efficient-choice" perspective, centers on how management innovation and the individuals driving it deliver improvements in organizational effectiveness (Birkinshaw et al., 2008, p. 825) and focuses primarily on the generation stage of management innovation. The rational school is closely associated with change agents and emphasizes human agency (Sturdy, 2004, p. 157) as a means of furthering organizational performance (Birkinshaw et al., 2008). In this school, management innovation follows a rational process of motivation, invention, implementation, and eventually theorization and labeling (Birkinshaw et al., 2008). It is a process in which external and internal change agents are called in to ensure bottom-line impact and in which the organization, by means of rational evaluation, resists transient fashions (Sturdy, 2004, p. 158). Decisions leading to a management innovation are made in a rational way, based on careful analysis of costs and benefits and

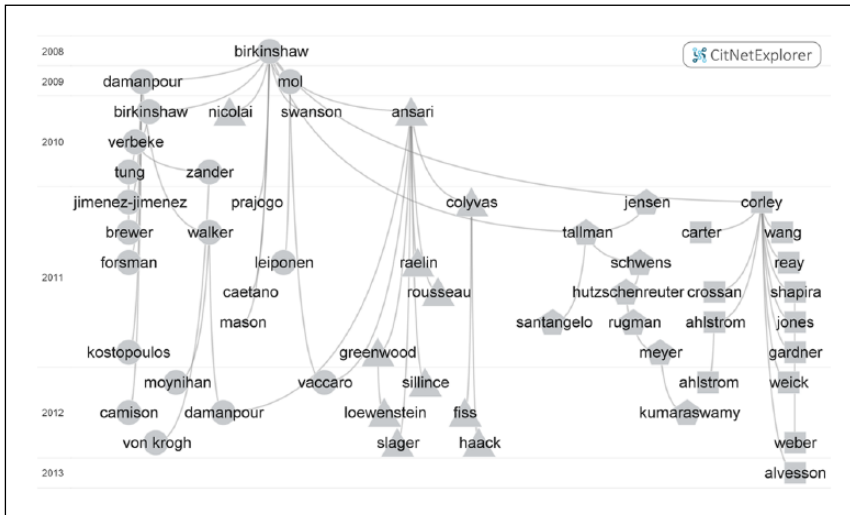


Figure 1. Citation Network: Four Main Perspectives on Management Innovation.

the prospects of greater efficiency (Strang & Macy, 2001). Generation and diffusion of management innovations occurs when firms face externally induced performance gaps, while the elimination of management innovations occurs when the management innovation becomes less efficient at closing the gap (Abrahamson, 1991, p. 593).

With its focus on rational decisions about introducing management innovation to improve organizational performance, research in this area considers the antecedents of management innovation (Vaccaro et al., 2012a; Moynihan, Pandey, & Wright, 2012), the outcomes of management innovation (Walker, Damanpour, & Devece, 2011; Jimenez-Jimenez & Sanz-Valle, 2011) and the interaction with other types of innovation such as technological innovation (Damanpour & Aravind, 2012). Interestingly, we also find various papers on post-acquisition integration (Birkinshaw, Bresman, & Nobel, 2010) that focus on how the dominant logic of the acquiring firm spreads through the newly merged organization (Verbeke, 2010) and how to create a social community to transfer best practice most effectively (Zander & Zander, 2010).

Institutional perspective

The institutional perspective in management innovation research (the triangles in Figure 1) represents a school of thought inspired by Ansari et al.'s (2010) paper, which focuses mainly on the diffusion and variation of management innovations using a strong neo-institutional and fashion theory perspective. In the neo-institutionalist view, a particular management innovation can become established through imitative behavior regardless of whether there is any evidence that the innovation actually enhances efficiency (Nicolai, Schulz, & Thomas, 2010). Internal and external change agents give their blessing to specific management practices which are in turn “adopted for symbolic reasons—seeking peer and stakeholder legitimacy” as opposed to immediate gains in performance and profit (Sturdy, 2004, p. 164). Widespread adoption increases the legitimization of a management innovation, ensuring its acceptability and therefore wider dissemination. Building on institutional theory, management fashion theory focuses on the managerial discourse that accompanies the institutionalization and de-institutionalization of management innovations. This broader discourse is often shaped by external change agents such as management consultants,

management gurus, and the general business press. The mutual process of communication between these external change agents and the organizations who adopt particular trends creates collective beliefs that a fashion is rational and progressive (Abrahamson, 1996, p. 265).

Most of the papers belonging to this neo-institutional and fashion perspective are empirical papers that focus on the diffusion stage of management innovation. Studies consider the variation and diffusion of controversial practices such as the use of golden parachutes (Fiss, Kennedy, & Davis, 2012), narrative dynamics in corporate responsibility standardization (Haack, Schoeneborn, & Wickert, 2012), the emergence and deployment of a standard for responsible investment (Slager, Gond, & Moon, 2012), or the role of security analysts in the diffusion of new management concepts (Nicolai et al., 2010). Included with this perspective are also several theoretical papers that aim to outline how organizations respond to institutional complexity (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011) or disentangle diffusion and institutionalization processes (Colyvas & Jonsson, 2011).

International business perspective

The pentagons in Figure 1 represent the *international business perspective* in management innovation. Although the papers belonging to this school do not always explicitly use the words “management innovation” or “management practices”, they clearly focus on the local generation, cross-subsidiary and cross-border transfer and dissemination of management innovations, mostly within multinational enterprises. Jensen and Pedersen (2011), for instance, focus on the generation of variations in business processes such as offshoring business activities. Tallman and Chacar (2011) provide a practice-based framework and discuss mechanisms for external capture and internal transfer of tacit practices in MNEs. These sticky, or geographically bound, practices can be transmitted most efficiently through internal networks of practice. Moreover, several papers stress barriers to cross-subsidiary and cross-border transfer of management practices, including cultural distance (Hutzschenreuter, Voll, & Verbeke, 2011), institutional distance (Schwens, Eiche, & Kabst, 2011) and multiple embeddedness (Meyer, Mudambi, & Narula, 2011).

Theory development perspective

Finally, we see a stream of papers on the far right of Figure 1 (squares) that stress the role of management scholars as external change agents in creating new management innovations. What unites these papers is an increased frustration with the role played by scholars in theory development. Of course, the seminal paper by Birkinshaw et al. (2008) did provide some initial thoughts on the role academics can play in the process of management innovation. They see a clear role for academics in the invention stage of management innovation and, to a lesser extent, in the implementation stage; academics can come up with new ideas for management practice by speculating on new ways of working that may provide new solutions (idea contextualization), by engaging in “thought trials” (Weick, 1989) and disciplined imagination (idea refining), and by linking these to the context-specific ideas of internal agents. However, they fear that this role for management scholars in generating new theories and practices has been taken over by other external change agents such as consultants and management gurus.

In fact, most of the new management ideas that have been put into practice come from the business world itself, rather than from academia (Barley, Meyer, & Gash, 1988). Also, Oswick, Fleming, and Hanlon (2011) have complained that almost all influential theories within management and organization theory have been brought in from the outside, not developed within the field. According to Alvesson and Sandberg (2013, p. 128), the primary reason for the “troubling

shortage of novel ideas” (Clark & Wright, 2009; Daft & Lewin, 2008) is the “total dominance of incremental gap-spotting research” in management. To reclaim their previously influential role as creators of management innovations, management scholars should take a more active role, rethink their existing professional norms, cultivate a more “path-(up)setting scholarly” attitude, and consider alternative methodologies (Alvesson & Sandberg, 2013, p. 143). Likewise, Corley and Gioia (2011, p. 17) claim that theory development by management scholars should be directly applicable to the problems faced by practicing managers (practical utility). Instead of performing the maintenance role of disseminating tried-and-true ideas and practices, management scholars should take on the role of questioning accepted management practices and developing fundamentally new theories.

As can be seen in Figure 1, the rational and institutional perspectives in management innovation are quite close to each other and strongly connected. The international business (IB) perspective and the theory development perspective are quite detached from the two main perspectives in the field, but might provide further useful advances in the field of management innovation.

Towards a Multilevel Co-evolutionary Framework of Generation, Diffusion, Adoption, and Adaptation of Management Innovation

As we have shown, important advances are already being made in understanding the concept of management innovation. However, the divergence of research into the four perspectives underscores fragmentation in the research field, thus confounding a comprehensive understanding of management innovation. The different perspectives on management innovation give rise to four areas of fragmentation.

First of all, there is considerable segmentation because of the existing studies’ focus on one of the three stages of the process of management innovation, namely generation, diffusion, and adoption. *Generation* research concentrates on how a management practice is brought into being in a particular organization and draws primarily from the rational perspective of management innovation. *Diffusion* studies focus on the inter-organizational level of analysis by investigating, among others, the rate of diffusion of an innovation in a population of adopters—this line of research is based primarily on the institutional perspective. *Adoption* (with or without *adaptation*) studies focus on the implementation in the adopting organization and draw on the institutional (e.g., Ansari et al., 2010) and rational perspective to investigate enablers and inhibitors of the adoption process (e.g., Vaccaro et al., 2012a). So far, these stages have predominantly been researched in isolation from one another.

Fragmentation also occurs because most research tends to limit its focus to one particular type of innovation. Based on the degree of newness of management innovation, there are three generic types of management innovation: new to the world (type 1), new to the organization and adapted to the setting (type 2), and new to the organization without adaptation (type 3). Table 1 depicts this conceptual typology. While a single focus advances knowledge about a particular type, for a comprehensive understanding of management innovation it is important to integrate existing knowledge by considering the relationship between the three types.

The third reason for fragmentation is that knowledge on management innovation is developed independently for different levels of analysis. At the firm level, studies primarily adopt either a rational perspective to consider intra-organizational variation, selection, and retention (VSR) (e.g., Moynihan et al., 2012; Vaccaro et al., 2012a) and consequences of introducing management innovation (e.g., Camisón & Villar-López, 2014; Damanpour et al., 2009) or an IB perspective to study primarily transfer of new management practices from the corporate head office to subsidiaries and

Table 1. Conceptual typology of degree of newness of management innovation.

Degree of newness	Definition	Degree of adaption to organization	Contribution to variation at inter-organizational level
Type 1: New to the world	Generation and adoption of a new management practice within an organization	High	High
Type 2: New to the organization, implemented with adaptation	Adaptation of an adopted existing management practice within an organization	Low–Medium	Low–Medium
Type 3: New to the organization, implemented without adaptation	Adoption of an existing management practice within an organization	Low	None

vice versa or from subsidiary to subsidiary (e.g., Tallman & Chacar, 2011). Studies at the inter-organizational or field level of practice producers and practice adopters draw primarily on the institutional perspective (e.g., Colyvas & Jonsson, 2011; Fiss et al., 2012).

A fourth area where fragmentation occurs is in the role of human agency and the theories used to explain the roles of change agents. Internal change agents include firm managers and employees who might play a decisive role in the generation, coercive adoption, or bottom-up adaptation of a particular management innovation. External change agents can be consultants, academics, or other stakeholders who might be a source of new management innovation or play a distinctive role in adopting an innovation or adapting it for the firm concerned. The rational perspective most explicitly articulates the role of human agency by considering the various degrees of intentionality of internal and/or external change agents (e.g., Birkinshaw et al., 2008). In the institutional perspective, the role of human agency is spelled out much less and is mostly that of a passive legitimizer (e.g., Nicolai et al., 2010). In contrast, the theory development perspective focuses exclusively on the role of academics and management scholars as creators and transmitters of management innovations.

A critical step in gaining a clearer understanding of how firms introduce management innovations is to bridge these research silos. To understand how the different pockets of knowledge are interrelated, we ask the question: *How are the three types of management innovation related to each other over time in the dynamic and multilevel processes of generation, diffusion, adoption, and adaptation?* Building on our bibliometric analysis and the four studies in this Themed Section, we develop a multilevel co-evolutionary framework that can increase our understanding of the interplay between the three types and generic stages of management innovation and of the roles of internal and external change agents.

Towards a co-evolutionary framework of management innovation

Co-evolutionary theory rests on the premise that organizations, industry, and the macro environment interact and shape one another over time (Volberda & Lewin, 2003). Change at any level can trigger further change at other levels. Any organization, industry, or country is influenced by changes in its environment, so adaptation does not happen in a vacuum (Gupta, Tesluk, & Taylor, 2007). That is, organizations within a population introduce change through direct interaction or feedback from the system (Lewin & Volberda, 1999). Conversely, organizations not only respond to changes in their environment, but also affect it through their actions and, as such, influence other

organizations' evolutionary paths (Aldrich, 1999; Volberda & Lewin, 2003). In other words, managers respond to the environment by changing their organizations and these actions, in turn, affect the environment. Thus, several parts in a system could be simultaneously evolving—that is, “co-evolving”. Several studies have drawn from co-evolutionary notions and applied them to management through different perspectives (Barnett & Burgelman, 1996). Dijksterhuis, Van Den Bosch, and Volberda (1999), for example, investigated how contextual application of management logics may co-evolve with new organizational forms.

We propose a co-evolutionary framework of management innovation that takes into consideration the interrelation between multiple levels of analysis and the role of change agents. In order to do this, we employ the *three-stage model of variation, selection, and retention* (VSR) (Aldrich, 1999; Baum & Rao, 2004; Campbell, 1969). We investigate the VSR processes of management innovation at the organizational, inter-organizational, and macro levels of analysis with special attention on the role of human agency. Figure 2 presents our co-evolutionary framework of management innovation.

The process starts with key internal change agents such as top management teams and CEOs (Vaccaro et al., 2012b) who decide whether to respond to a perceived problem such as environmental changes by developing new management practices (i.e., type 1), by adopting existing ones (i.e., type 2 or 3), or by ignoring it (see the lower part of Figure 2). At the *organizational level* all three processes of VSR take place inside the organization. To explain the generation of new management practices, i.e., type 1, Birkinshaw et al. (2008) propose a conceptual framework consisting of four intra-organizational phases. Following the “motivation” phase, in which managers assess the need for innovation based on perceived environmental change, the “invention” phase comprises the generation of intra-organizational variation through experimentation with new practices proposed by internal or external change agents. In the third phase, “implementation”, variation may give rise to intra-organizational selection and subsequently to retention in the fourth phase, “theorization and labeling”. In this last phase, both internal and external change agents aim to build legitimacy, inside and outside the organization. External change agents such as management consultants and academics are involved in contextualizing the new management practice “in terms of contemporary business challenges” (Birkinshaw et al., 2008, p. 839). The extent to which they provide a convincing rationale for the new management practice will affect the practice's external legitimacy (Greenwood, Suddaby, & Hinings, 2002). “Theorization and labeling” links the organizational, the inter-organizational, and the macro levels of analysis because the organization's response to perceived environmental change contributes to the variation in management practices at the industry level. The more successful external change agents are in legitimizing the new management practice, the better the chances that it will survive the subsequent selection and retention processes at the inter-organizational level. However, type 1 management innovation is not the only source of variation.

Instead of developing their own management innovations, managers may choose to adopt existing practices from outside the organization (i.e., type 2 and type 3 management innovation). In the case of type 2 management innovation, the adopted practice is adapted to the specific organizational context during implementation (Ansari et al., 2010). The implementation of a new management practice is an ongoing process that involves adaptation both of the management practice itself and of the organization which is adopting it. Under normal circumstances, a poor fit between the new practice and the adopting organization is likely to delay adoption of the new practice, lead an organization to implement the practice ceremonially, or lead it to adapt the practice (type 2) to improve the fit to the local context (Canato, Ravasi, & Phillips, 2013). Managers might also choose to adopt type 3 management innovations or “off-the-shelf” solutions (Ansari et al., 2010). Since they are adopted and implemented without any significant adaptation to the

specific organizational context, they do not contribute to variation at the inter-organizational level. Thus, as a result of managers' exploration of new responses to environmental stimuli through either type 1 or type 2 management innovation, there is increased variation in the environment.

Further on, at the *inter-organizational level* of analysis, the selection and retention processes of management practices take place. The new managerial practices go through *selection*, and, depending on the selection criteria at the time, some management innovations will be eliminated, while others will be selected. The selection criteria are set not only in terms of profitability, but also include market forces, competitive pressures, and institutional norms (Alchian, 1950; Aldrich, 1999). The *retention* stage is achieved when there is stability in the interdependencies between organizations and the environment and successful variations are diffused and adopted (Aldrich & Pfeffer, 1976). The retention of new management practices not only adds to the pool of existing management practices, but also affects the value that change agents such as managers, management consultants, and academics attribute to existing solutions. In this way, new management practices may render old ones obsolete and precipitate their extinction (see the Exit arrow in Figure 2).

At this point, new management practices enter the diffusion phase as other organizations begin adopting them. The extent and speed of diffusion depends on the observability and complexity of the practice in such a way that the former has a positive influence and the latter a negative impact on diffusion and adoption (Damanpour, this issue). In addition to characteristics of the practice itself, the institutional perspective (Barley & Kunda, 1992) and the management fashion perspective (Abrahamson, 1991, 1996) also provide important insights into the diffusion stage. According to the *institutional perspective*, institutional actors such as regulatory agencies and institutional forces—regulative, normative, and cultural-cognitive (Scott, 2001; Vermeulen, Van Den Bosch, & Volberda, 2007)—influence the diffusion and adoption/adaptation process. The more a type 3 management innovation is perceived as a legitimate means of coping with a particular organizational problem, the more difficult it will be for a type 1 management innovation that aims to address the same or related organizational problems to survive the selection and retention process. Supporting the role of human agency in the inter-organizational diffusion process, Nicolai et al. (2010) find empirical evidence that security analysts influenced the diffusion of management concepts through their estimations of future performance of adopting firms in the US financial sector. The related *management fashion perspective*, “with its roots in neo-institutional theory” (Damanpour, this issue), deals with how management fashion-setters such as consultants, management academics, and high-profile top managers offer management innovations that are perceived as legitimate by managers looking to cope with external pressures, maintain reputation and avoid uncertainty. The fashion perspective is particularly suited for explaining the diffusion process of type 3 management innovation and to a lesser extent that of type 2.

Both the organizational and inter-organizational levels are encompassed by the *macro level*. The social, economic, technological, and political forces that compose the macro level affect both how managers perceive the need for change and the selection and retention processes that management innovations go through when moving from the organizational to the inter-organizational level because these forces influence the desirability of new management practices (Damanpour & Schneider, 2006). For instance, Fiss et al. (2012) find that media attention and court cases (i.e., the regulative environment) influenced the spread of “golden parachute” contracts. Moreover, Chandler (1962) showed through historical analysis how the emergence of the M-form co-evolved with the advances in the transportation and communication industries, enabling business enterprises to manage across time and space and to diversify their business interests (Lewin & Volberda, 1999,

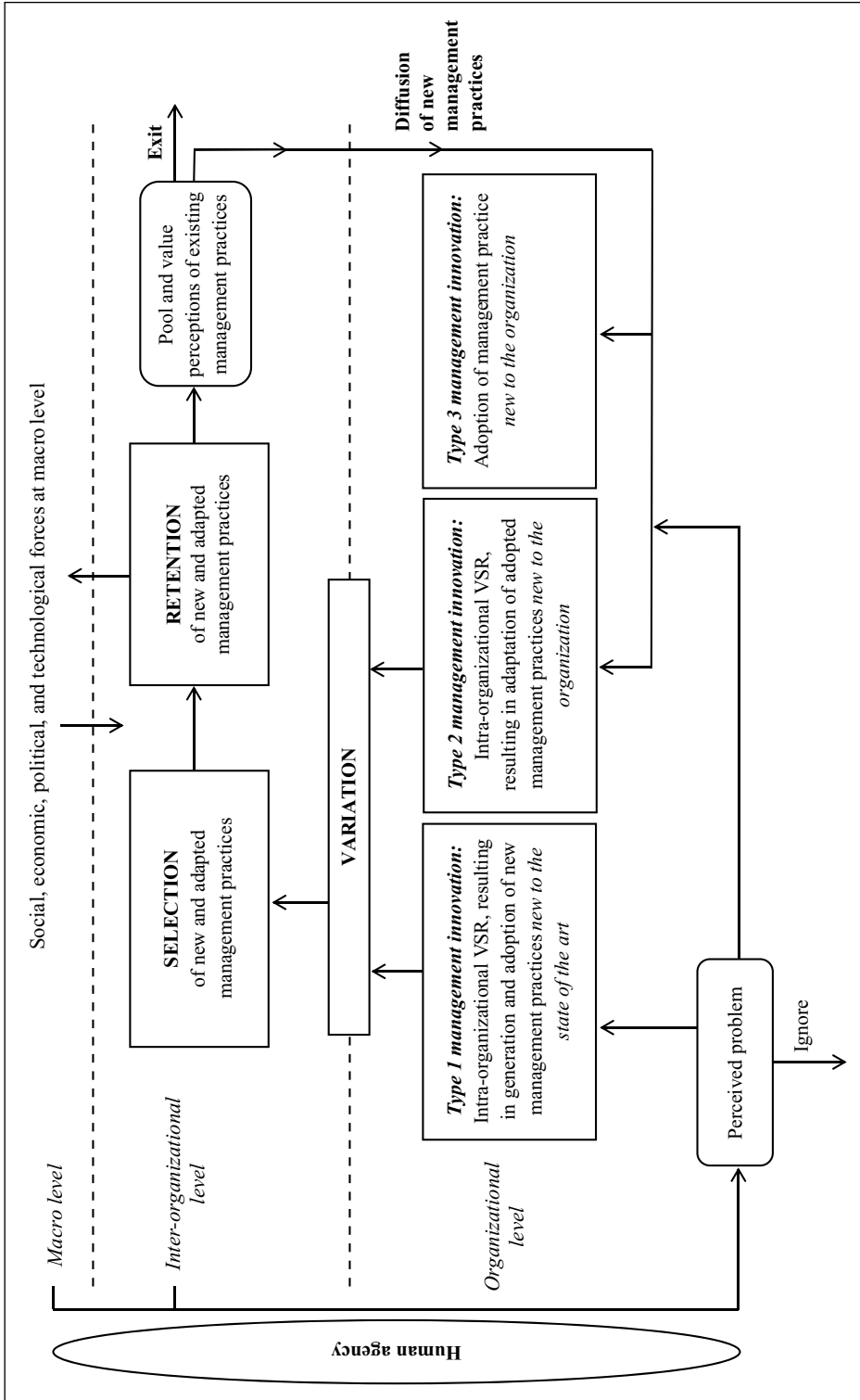


Figure 2. A Multilevel Co-evolutionary Framework of the Generation, Diffusion, Adoption, and Adaptation Process of Management Innovation.

p. 524). Also, as new management practices move through the VSR processes, they stand to effect change in the macro environment through the emergence of new standards.

Our co-evolutionary framework contributes to the management innovation field as it bridges different research camps. First, by considering the relationship between different types of management innovation, we link research at the organizational, inter-organizational, and macro levels of analysis. In doing so, we extend the Birkinshaw et al. (2008) model of generating type 1 management innovation at the organizational level by connecting this framework with the next levels of analysis, as we explain the VSR processes at the inter-organizational and macro levels. That is, we integrate the rational perspective of managerial intentionality at the organizational level (Birkinshaw et al., 2008) with insights on institutional change (Greenwood et al., 2002) to explain the progression of management innovation from generation (type 1) to being retained at the inter-organizational level, to being diffused and adapted (type 2), to becoming a standardized solution (i.e., type 3), and eventually to its extinction. Second, our co-evolutionary framework enables various theoretical perspectives on management innovation (including the rational, institutional, IB, and theory development perspectives) to cross-fertilize each other both conceptually and empirically in order to provide an encompassing understanding of management innovation. Third, it expands the understanding of the roles of internal and external agents at different levels of analysis and at different stages of management innovation.

The Contributions of the Studies Included in the Themed Section

As mounting evidence indicates that management innovation has positive consequences for firm performance (e.g., Camisón & Villar-López, 2014; Foss, Pedersen, Pyndt, & Schultz, 2012; Hamel, 2006; Mol & Birkinshaw, 2009), the goal of this Themed Section is to further our understanding of how firms can stimulate the introduction of new management practices, processes, and structures. To achieve this goal, we encouraged submissions that shed light on the introduction of management innovation with a particular focus on the role of human agency. In order to promote the Themed Section and to stimulate academic discussion, we first organized a two-day “EURAM Mini-Conference on Management Innovation” centering on the topic of management innovation. The conference was held at the Rotterdam School of Management, Erasmus University, on November 24–25, 2011. For the conference, 38 of the 75 papers submitted were accepted for presentation and, after a lengthy peer review of 15 remaining papers, four studies were selected for publication.

Each of the four studies included in this Themed Section provide in-depth analysis of one of the stages of generation, diffusion, adoption, and adaptation. They draw nicely upon one of the four perspectives of management innovation: rational, institutional, international business, and theory development perspectives. As such, they add important depth to different parts of our proposed co-evolutionary framework.

In addition, the four studies contribute to knowledge on the role of human agency in driving management innovation. Building on the core concept of managerial intentionality, which can be a composite of idiosyncratic behavior, high aspiration levels, high absorptive capacity, stretch goals, slack resources, and emergent behavior (Hutzschenreuter, Pedersen, & Volberda, 2007), the studies included in this Themed Section elucidate the roles of internal and external change agents at different stages of the process of management innovation. For the generation of management innovation, internal and external change agents provide expertise and legitimize the new ideas (Mol & Birkinshaw, this issue). In adopting and adapting existing management practices, top managers determine the balance between variation and standardization that is needed for the new practices as they are implemented throughout the organization (Ansari et al., this issue) and legitimize new

practices by drawing them to the attention of organizational members (Peeters et al., this issue). Lower-level managers also influence adoption and adaptation of management innovation, but they do so primarily by engaging in problemistic search (Peeters et al., this issue). Figure 3 presents the contributions of the four studies to the understanding of how human agency drives management innovation.

The main contributions of the studies included in this Themed Section are summarized in Table 2. Below, we introduce each of the four papers and their contributions. Damanpour (this issue) addresses core issues in management innovation research in an effort to provide a better understanding of some contentious aspects of the concept. This study makes a great contribution to the theory development perspective, but also draws upon the basic tenets of the rational actor perspective. In tackling central issues of management innovation, the study compares related constructs and the main typologies related to management innovation, discusses main attributes and the theoretical explanations underlying the concept, addresses issues of measurement, and considers the implications of management innovation for performance outcomes. Thus, the study provides an in-depth discussion of the issues underlying the fragmentation problems that our co-evolutionary framework aims to address.

Mol and Birkinshaw (this issue) analyze 23 major historical—new to the world—management innovations (i.e., type 1 management innovations) in an effort to understand the role played by external knowledge in generating these innovations. Classifying management innovation on two dimensions—radical vs. incremental and systemic vs. discrete—the study considers the distinct roles played by three types of external knowledge (i.e., involvement of external change agents, external sources of knowledge, and external experience of internal change agents). Therefore, the study advances the rational perspective of management innovation by spelling out more clearly the role of internal and external change agents in generating management innovations.

Ansari, Reinecke, and Spaan (this issue) provide an account of the adoption and adaptation of a management innovation (i.e., type 2 management innovation) at an aerospace organization with multiple subsidiaries in different countries. To explain intra-firm diffusion of management innovation across the firm's international subsidiaries, the authors build upon the institutional

Internal change agents

I. Generation of management innovation

- Internal change agents contribute knowledge to the generation process and select promising inventions; the absence of external experience of internal change agents is associated with the generation of radical and systemic innovations (Mol & Birkinshaw)

II. Adoption and adaptation of management innovation

- Internal change agents need to balance the tensions between standardization and adaptability to stimulate the intra-firm diffusion of management innovation (Ansari et al.)
- Internal change agents affect the efficiency of adoption of management innovation as they drive the search processes and the configuration of AC routines; the higher in the hierarchy the change agents are, the more efficient the adoption of management innovations (Peeters et al.)

External change agents

I. Generation of management innovation

- External change agents provide new knowledge and a different perspective – the presence of external change agents is associated with systemic and incremental innovations (Mol & Birkinshaw)

Figure 3. The Roles of Change Agents in Introducing Management Innovation as Presented by the Articles in this Themed Section.

Table 2. Synthesis of the studies included in the Themed Section and their contributions to management innovation research.

Study	Primary contributions	Phase of management innovation & theoretical perspective	Methodology	Context	Management innovation type	Findings
Damanpour	Identifies and discusses five key issues of management innovation research.	Generation, adoption, and diffusion. Theory development and the basics of rational actor perspective	Theoretical	n/a	Types 1, 2, & 3. Several examples: total quality management (TQM), quality circle, and business process re-engineering	Provides guidelines for future research based on the discussion of five key issues in extant management innovation research
Mol & Birkinshaw	Contributes to the under-researched area of the generation of management innovations by considering the role played by external knowledge in the generation process	Generation Rational perspective	Empirical—multiple cases	Historical management innovations from the 1800s until present	Type 1: 23 major historical management innovations; e.g. return on investment, M-form organization, TQM, management by objectives, benchmarking, scenario planning, balanced scorecard, Six Sigma	External involvement—in the form of external change agents and external experience of internal change agents—is generally associated with less radical and more systemic management innovations
Ansari et al.	In contrast to previous studies that focus on inter-organizational diffusion, considers intra-organizational diffusion by studying how a firm adopts and adapts a management innovation across its international subsidiaries	Adoption and adaptation Institutional and basics of the IB perspective	Empirical—single case study	US multinational corporation in the aerospace industry with 18,000 employees in 56 subsidiaries in 20 countries	Type 2: ACE (Achieving Competitive Excellence)—a practice for improving and sustaining quality and productivity	Identifies three strategies through which organizations can balance the tension between standardization and variability in order to stimulate intra-firm diffusion of a management innovation
Peeters et al.	Moves beyond previous research's focus on successful versus unsuccessful adoption of management innovations by considering the factors that enhance the efficiency of adoption and adaptation	Adoption and adaptation IB and basics of institutional perspective	Empirical—comparative case study	Two large (40,000+ employees) US-headquartered multinationals	Type 2: offshoring	Differences in (i) absorptive capacity routines and (ii) managerial attention and organizational legitimacy affect the efficiency of adopting management innovations

perspective, but also use some elements of practices transfer of the IB perspective. In doing so, their study complements previous research that considers adaptation at the field level (e.g., Ansari et al., 2010; Fiss et al., 2012; Perez-Aleman, 2011; Zbaracki, 1998). They find that internal change agents need to manage the tension between standardization and variability involved in the process of intra-organizational diffusion of a new management practice and identify balancing strategies that can be used to engineer variation in a management practice and to accommodate the needs of specific contexts.

Peeters, Massini, and Lewin (this issue) analyze the factors that drive the efficiency of adoption and adaptation of management innovations (i.e., type 2 management innovation) by studying the adoption and adaptation of offshoring, the growing practice of reconfiguring value chains by locating business processes in foreign locations that provide particular comparative advantages (Lewin & Peeters, 2006; Mihalache, Jansen, Van Den Bosch, & Volberda, 2012). The study builds heavily on the IB perspective of management innovation, but it also applies crucial concepts from the institutional perspective (e.g., the role of organizational legitimacy). They find that internal change agents play a central role in the adoption of management innovations and that corporate-level managers contribute more to implementation efficiency than low-level managers because the former have more authority to direct organizational attention and to legitimize the new practice. Furthermore, the study finds that the adequacy, interdependency, and sequence of the absorptive capacity routines also affect the efficiency of adoption.

Together, the studies in this Themed Section make important inroads in clarifying the theoretical underpinnings of the concept of management innovation and in furthering understanding of how to stimulate the generation, diffusion, adoption, and adaptation of management innovation.

Avenues for Future Research

Our review of the field indicates that management innovation research spans a number of areas, such as institutional theory, fashion theory, rational perspectives on the antecedents and outcomes of management innovation, and international business theories on knowledge transfer across borders. However, the broad applicability of the management innovation construct is also its weakness. For this reason, on the basis of our multilevel co-evolutionary framework on management innovation, we highlight several research directions that may advance our field.

Research on the rise and fall of management innovations

Future studies could integrate existing insights about different stages of the process of management innovation by exploring in its entirety the multilevel process of generation, diffusion, adaptation, adoption, and eventual exit. This would allow the filling of important gaps in our understandings regarding the co-evolution between management innovations and the surrounding environment. For instance, while studies acknowledge that firms generate new management innovations as a result of perceived problems in the environment (Birkinshaw et al., 2008), research predominantly takes the environment as a given. So, how do changes in the meso and macro environment motivate managers to respond with the development of new management practices? What environmental conditions support the diffusion of new ways to manage? And what environmental changes eventually render management innovations obsolete? Also, we know that firms adopt and adapt practices to better fit their organizations (e.g., Ansari et al., 2010; Birkinshaw, 2014), but we know much less about how the organizations themselves change in order to adopt the new practice (Canato et al., 2013; Volberda et al., 2013). This call is in line with our co-evolutionary theory of management innovation as previous studies have

shown the importance of longitudinal analysis when adopting a co-evolutionary perspective (e.g., Flier, Van Den Bosch, & Volberda, 2003; Helfat & Raubitschek, 2000; Huygens, Baden-Fuller, Van Den Bosch, & Volberda, 2001; Rodrigues & Child, 2003; Van Den Bosch, Volberda, & De Boer, 1999). Considering the complete time-line of generation, diffusion, local adaptation or adoption of a particular management innovation would require the unit of analysis to be changed to a focal management innovation, rather than a firm or population of firms as has been the case in most existing studies.

Research on the processes that link the organizational, inter-organizational, and macro levels

Our proposed co-evolutionary framework highlights management innovation as a multilevel and dynamic phenomenon. However, it is only a first step, and we call on future research to analyze in greater detail the multilevel complexities of management innovation. In particular, future studies could analyze the intersection of the rational and institutional perspectives. That is, future research should consider the interfaces between the levels of analysis, both bottom-up and top-down processes. For instance, existing research discusses the importance of ‘theorizing’ in gaining legitimacy for a new practice (Birkinshaw et al., 2008; Greenwood et al., 2002), but what are the processes that link the organizational to the inter-organizational level? That is, what are the mechanisms that help change agents—considered in the rational perspective—to navigate the institutional environment to legitimize the new practice? Regarding top-down influences, it would be important, for instance, to understand what industry and societal conditions stimulate adoption of a new management practice, how different motivations to adopt influence intra-organizational implementation, or how the performance of a new practice depends on the wider context and on its interaction with organizational characteristics.

Research on the micro-foundations of management innovation

As our review indicates, most existing studies consider the firm or a population of firms as the unit of analysis, while the micro-foundations of management innovation have been largely overlooked. For a fuller understanding of the concept of management innovation, we must understand the individuals who identify problems, search for solutions, provide ideas, and make decisions. In other words, to explain why and how organizations introduce management innovations, we must look at the individuals who make up the organizations and their interactions. While we know about the different roles of change agents (e.g., Birkinshaw et al., 2008) and that the diversity (Vaccaro et al., 2012a) or aspirations (Gaba & Bhattacharya, 2012) of key decision-makers affect the introduction of management innovation, we know less about how motivations or the personalities of change agents affect their roles and actions. Also, we need to gain further understanding of the interrelationship between these change agents.

Research on the contextual variation of management innovation

Future research needs to incorporate more contextual variation in order to check the robustness of current knowledge and to address important new questions in an environment characterized by increasing internationalization. For instance, how effective are known antecedents at stimulating management innovation in different cultural and institutional contexts? How do differences in national contexts affect the performance of particular management practices? Answering these types of questions can help us to understand why some firms adopt a given management practice

in its entirety while others choose to adapt the practice to their firm-specific context (see also Dijksterhuis et al., 1999). This type of research is particularly important for transferring management concepts across borders, as often happens with multinationals who may wish to diffuse management practices from the headquarters to international subsidiaries or a best practice from a foreign location to the rest of the organization (see Ansari et al., this issue; Peeters et al., this issue). In this connection, qualitative studies have been undeniably valuable in enabling us to explore theories and understand mechanisms. At the same time, they are necessarily limited in terms of generalizability due to their heavy selection bias and small sample size. In response, we have recently seen increased efforts to quantify management practices directly across firms, sectors, and countries on the basis of high-quality firm-level data (Bloom & Van Reenen, 2007). For instance, the Erasmus Competition and Innovation Monitor, developed by INSCOPE Research for Innovation, measures the level of management innovation over time in various EU countries (Belgium, Germany, Italy, the UK, and the Netherlands). The field of management innovation is in need of panel studies as these could allow us to make empirical validations of causal relationships and advance our understanding of the contextual factors that stimulate the introduction of new ways to manage.

Conclusions

In this introductory essay, we provide a review of the most current developments in the management innovation field. On the one hand, the contribution of our work is that we document the diversity in the underlying theories and perspectives which have facilitated the rapid advance of the management innovation field. On the other hand, we uncover the fragmentation of the field, and conclude that there is a need for integration of the different research camps. In order to advance the field of management innovation, we develop a multilevel co-evolutionary framework which highlights the various types of management innovation, process stages, levels of analysis, and the role of change agents, and we suggest avenues for future research. We hope the framework and the directions for future research may help in overcoming the fragmentation of the field and will facilitate further accumulation of knowledge. In this way, we hope that through future management innovation research, management scholars will regain their influential role as co-creators and disseminators of new ways to manage organizations in changing environments.

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