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DEVELOPING A PROCESS-BASED MODEL FOR THE ADOPTION OF MANAGEMENT INNOVATIONS

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ABSTRACT

Given the definition of management innovations (MI) as novel practices introduced to organizations to further goals and enhance value, it is deemed relevant for organizations to know what can happen to an MI in local contexts in the process after initial adoption. With this study, we explore this and propose a process-based model to examine the adoption of MI in 17 empirical cases based on two stages of data collection running from 2015 to 2019.

INTRODUCTION

Increasing attention is being paid to the so-called MIs: the introduction of new management practices that aim to further an organization's goals and create value. This occurs through novel management rules, routines, and practices (Birkinshaw, Hamel, & Mol, 2008), driving performance and productivity outcomes (Mol & Birkinshaw, 2009; Walker, Chen, & Aravind, 2015), a well-known example being Total Quality Management. Research into MI research has provided coverage of innovation types on numerous levels and from multiple angles such as antecedents, processes, and attributes (Damanpour & Aravind, 2012). Many studies have examined the potential performance outcomes, while others have explored the processual aspect related to the generation, implementation, adoption, and diffusion often across organizations (Henao-García & Cardona Montoya, 2024; Khosravi, Newton, & Rezvani, 2019; Simao, Carvalho, & Madeira, 2023). However, to our knowledge, the understanding of what precisely happens to an MI within local organizational contexts after initial adoption has received scant attention. That is, overlooking what happens after organizations initially invest their resources in adopting an MI assuming enhanced performance. This encourages us to ask: How and why is an MI adopted and developed in organizations over time?

Inspired by calls for process investigations of MIs (e.g., Robert, Le Goff, Mignon, & Giuliani, 2024; Volberda, Van Den Bosch, & Mihalache, 2014), this paper seeks to develop, apply, and evaluate a multidimensional process-based model for the adoption of MI in local contexts, including initial adoption and later developments. Specifically, we suggest that MIs develop in a processual manner over time so that an organization can move from one state of being to another. This movement depends on the extent to which the innovation is applied and by

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how many elements of an organization. Second, we apply and evaluate our model to discuss its applicability by drawing on qualitative insights supported by quantitative scorings from 17 longitudinal cases. By taking a longitudinal process perspective (Brunet, Fachin, & Langley, 2021), we unveil within-case and cross-case analyses (Eisenhardt, 1989), illustrating the different journeys of organizations adopting a specific set of MI practices, elaborating how and why these journeys may occur. In doing so, we identify different characteristics, managerial practices, and actions of organizations that influence the adoption process.

BACKGROUND

MI can be defined as "the invention and implementation of a management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals" **(**Birkinshaw et al., 2008: 825). Hence, MIs can be considered as state-of-the-art changes related to organizational rules and routines intended to enhance performance (Mol & Birkinshaw, 2009). In relation to this, MI is a departure from traditional processes, practices, and structures toward novel solutions, new to the world or new to a firm, intended to further competitive advantage (Volberda et al., 2014). Therefore, MIs are often tacit and ambiguous by nature and difficult to observe (Birkinshaw et al., 2008). Numerous scholars have investigated the drivers of MIs to enhance our overall understanding of what ensures successful adoption. Several of these studies have pointed toward environmental, organizational, and managerial factors driving MIs (Khosravi et al., 2019) including internal and external factors (Ozen & Ozturk-Kose, 2023), such as the impact of leadership (Gumusluoglu & Ilsev, 2009) and middle managers **(**Rohlfer, Hassi, & Jebsen, 2022). Others have emphasized outcome, arguing that adoption of MI is motivated by what can be gained in performance (Henao-García & Cardona Montoya, 2024; Simao et al., 2023; Walker et al., 2015). Hence, a key driver of MI adoption is the innovation's ability to solve a local problem (Birkinshaw et al., 2008) and its impact on efficiency and effectiveness (Damanpour & Aravind, 2012), and several studies argue for MIs' positive association with financial performance (Camisón & Villar-López, 2014; Mol & Birkinshaw, 2009; Nieves, 2016).

The process of adopting a management innovation

Another body of literature on MI explores the adoption process. In a seminal piece, Abrahamson (1996) argued for a supply and demand-based model in which MI is processed and disseminated, becoming either fashionable or a short-lived fad. From another perspective, Birkinshaw and colleagues (2008) suggested four stages for the MI process: 1) motivation, 2) invention, 3) implementation, and 4) theorization and labeling. While motivation and invention relate to the circumstances leading to MI development, implementation concerns the actual establishment in a novel setting. Theorizing and labeling convey the social processes of sensemaking and building legitimacy that involve both individuals inside and outside organizations. Thus, they also emphasized the role of internal and external change agents in shaping this MI process, building the legitimacy of new practices, and connecting them with an established belief system. In this regard, external validation is the "essential stamp of approval from an independent observer" (Birkinshaw & Mol, 2006: 86), whereas internal validation is suggested to be more crucial to gaining acceptance within an organization, as this represents employees' and managers' willingness to legitimize a MI (Birkinshaw & Mol, 2006). Zeitz and

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colleagues (1999) suggested a two-stage process for management practices in organizations based on initial adoption and institutional entrenchment. Adoption of practices is the initial stage, whereas entrenchment refers to the institutionalization of practices so that they are likely to endure in the organization and resist internal or external pressures for change. Similarly**,** Ansari and colleagues (2010) emphasized the importance of technical, cultural, and political fit between innovation and adopters and that these fits—or misfits—affect the innovation and its local contextual adaptation. Here, adaptation is defined as "the process by which an adopter strives to create a better fit between an external practice and the adopter's particular needs to increase its 'zone of acceptance' during implementation" (Ansari, Fiss, & Zajac, 2010: 71). To further explain adaptation, they applied the notion of fidelity to assess the extent to which the adopted innovation's practices resemble its original meaning.

Developing a process-based model to understand the adoption of management innovations

To explore what happens to an MI within local organizational contexts after initial adoption, we have developed a process-based model building on the insights above. Doing so, we support the processual aspect of MIs from a variety of studies, assuming that MI is dynamic rather than static, and in our case: within an organizational context. Hence, many MI practices can be applied by a few organizational units at one point in time. In the same context but at different points in time, few practices can be applied by many organizational units. In doing so, our proposed model, a 2x2 matrix, emphasizes the journeys that organizations may experience as they adopt an MI, moving from one part of the matrix to others; the innovation can take four different forms as it travels within an organization. In the matrix, one axis 'MI practices', concerns the understanding of MI as consisting of a set of specific practices and refers to the extent to which the MI is applied in an organizational context. On one hand, practices may be 'few' which refers to the minimum number of MI practices that make up a MI. On the other hand, 'many' refers to the maximum application of an MI—for instance, when all MI practices are applied, suggesting that the MI has been solidly established. The other axis 'organizational units' refers to the cumulative adoption of an innovation. That is, the proportion of organizational units, employees, teams, or departments applying the MI. Here, 'few' refers to a minimum level of adoption (e.g., by one manager in one department), while 'many' refers to a maximum of adoption (e.g., by all teams in the entire organization).

METHODS

To apply our proposed model and examine MI adoption, including how and why it develops within the organization, we opted for a multiple case and process study. We chose this approach to analyze a temporally evolving phenomenon in multiple cases (Brunet et al., 2021). Moreover, exploring multiple cases permits the ability to build on theory and enhance robustness (Eisenhardt, 1989), as the goal is to extend our understanding of the adoption of MI and the proposed model with empirical evidence in different circumstances and contexts. The collection of data across two stages of adoption allowed us to examine how and why MI adoption evolved and developed over time through actors, events, practices, and activities. Hence, we acknowledge that MIs take time (Birkinshaw et al., 2008) and that, as a phenomenon, can differ substantially from one point in time to another. The study is part of a large Danish research project comprising 17 cases adopting the same MI: a novel project management methodology

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(for further details see Rode & Svejvig, 2023). Therefore, the samples reflect the purposeful selection of 17 specific case organizations examined over five years between 2015 and 2019. The case organizations spanned across several industries, from biotechnology to manufacturing, and across several sizes, from less than 100 employees to more than 5000.

Data collection and analysis

Our data collection included two stages. In the first stage of data collection (2015-2019), we explored the initial adoption of the MI in group interviews and in real time. In this stage, the case organizations initiated their engagement with the MI and were guided by external consultants specialized in the innovation. The outcome of this adoption stage was measured quantitatively based on the extent to which the innovation was applied as a project management methodology in initial projects. Following a semi-structured interview guide, we asked questions regarding organizational and context characteristics. We asked structured questions with quantitative scorings to determine the extent to which the MI was applied and qualitative details exploring how. This entailed questions regarding each practice of the MI and scoring on a scale of the extent to which each practice was applied. This yielded sixteen quantitative scores that were summed up in an overall average score. This enabled us to trace and compare the adoption of the MI demonstrated by the changes in the organizations' method of managing projects. In the second stage (2019), the purpose was to trace the developments of the MI since the first stage of the data collection. In this stage, we conducted individual interviews with key informants representing each organization, following a semi-structured interview guide incorporating aspects of the MI literature with the aim of exploring the developments of the MI after initial adoption. Interviewees were all company representatives and included key personnel (e.g., project managers, portfolio managers, or executives), all of whom were involved in the MI. The result of the two stages was 138 documents and 152 recorded interviews.

We initiated the analysis by conducting within-case analyses to familiarize ourselves with each case. We focused on examining each case in terms of the initial adoption of the MI practices aligned with the objective of this study. As a first step, we entered case-by-case quantitative practice scores and calculated a quantitative average practice score for each case. We selected a threshold scale value, and accordingly, an average score higher than the threshold was considered 'many' MI practices applied, and an average score lower than the threshold was considered 'few' practices. This was followed by a stage that included interview data covering the development of the MI, which we coded case-by-case to explore the extent to which the MI was adopted at that point in time, as well as how and why the innovation has developed to this stage. From the two stages of analysis, we developed within-case write-ups, which we coupled with a cross-case search to identify patterns in MI journeys and their characteristics (Eisenhardt & Graebner, 2007). As a result, the first stage of data collection enabled us to apply our proposed model and map out all 17 case organizations' initial adoption. Second, the coding of our second stage of data collection enabled us to categorize our cases according to our proposed model, identifying and mapping the development of the MI adoption in each case.

FINDINGS

Based on analyses of the two stages of the 17 cases, we identified six different journeys for MI adoption. From stage 1 of the data collection, we identified 13 of the 17 initial adoptions

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of the MI as ‘few organizational units’ and with ‘many MI practices’ and the four remaining cases of initial adoption as ‘few organizational units’ and ‘few MI practices’. From this initial first stage, we categorized eight cases moving toward both few units and practices in stage 2. In stage 1 of initial adoption, the eight cases utilized the innovation to a large extent based on a high average practice score. In addition, the innovation was applied in a narrow setting of one to three projects, applying the MI in each case. In the second stage of the data collection, the innovation was applied to a minor extent or not at all. This journey, we label as ‘toward few practices and few organizational units’. Across the eight cases, we identified an absence of key individuals who were thought to affect the survival and spread of the MI, leading to the abandonment. This absence was related to people with knowledge of and initial priority toward the innovation, its application and spread. Either, the employees had left the organization or department, or the organization experienced layoffs and cutbacks or closing of department or project, resulting in the innovation being let go of or disappearing. Likewise, there were varying support from top management, either due to changes in management with new strategic directions or having an inherent skepticism towards the innovation, or who were simply not made aware of it, resulting in a lack of top-down push. We also identified resistance from employees and collaborators not being willing to work with the innovation, not having time to do so, or seeing a lack of fit between the innovation and established processes. As a result, the innovation became more of a ‘mindset’ of few selected practices or ideas often applied in an unstructured and indirect manner to specific local tasks without reference to the innovation.

We categorized three cases as remaining in few organizational units while with many MI practices both in stage 1 and stage 2. In the first stage of initial adoption, the three cases utilized the innovation to a large extent based on a high average MI practice score. In addition, the innovation was applied in a narrow setting of one to three projects, applying the MI in each case. In the second stage of the data collection, the three cases remained in this category. We label this as ‘the journeys toward many MI practices but few organizational units’. In all three cases, there appeared to be difficulty in spreading the innovation internally in the organizations. This was related to a limited focus from executive management, as well as burning issues to take care of. Yet, employees continued to work with the innovation and were themselves spreading it, adapting it, and sharing success stories of the innovation and how it added value. In these cases, the innovation was not necessarily referred to by its name but as a mindset. Finally, the organizations experienced their organizational culture as a boundary for the innovation, but at the same time, the innovation supported an overall organizational change, suggesting local organizational fit.

Two cases were categorized as moving toward an increase in organizational units applying the management methodology but with few practices of the innovation utilized. This is based on two journeys we labeled as ‘the journeys toward many organizational units but few MI practices’: one case moved from a few units and few practices, and the other moved from few units but many practices. Here, the innovation spread internally in the organizations, but only in the form of selected practices being adopted. At the same time, the two cases were not actively working toward spreading the innovation to more organizational units. For one case, selected practices were akin to what the case already did, suggesting that it did not resemble an innovation by definition. For the other case, selected practices were applied as a mindset, for the case to apply in different settings, resulting in a spread beyond the department where the innovation was initially adopted.

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Four cases were categorized as moving toward applying many of MI practices across many organizational units from two different points of departure: 'the journeys toward many organizational units and many MI practices'. Three cases moved from a state of few units and practices, whereas one case moved from few units but many practices in stage 1 of the data collection. The four cases accentuated the complexity of adopting an MI. For these cases, the innovation was found to add value for employees, management, and the organizational culture, but external consultants were necessary to ensure embeddedness. We identified that the cases actively worked to spread success stories and eye-openers related to the innovation and the fit between the organization and innovation. Further, top management was actively engaged in the innovation and the extent to which it was applied. Similarly, employees acted as local champions of the innovation, educating other employees and sharing success stories emphasizing value creation. Nevertheless, these organizations also experienced challenges from skeptical employees. However, the combination of management emphasizing the innovation, as well as getting these employees onboard and actively working with the innovation and its practices, convinced these skeptical employees of the value of the innovation. Similarly to other cases, some of these did not refer to the MI by its name.

CONCLUSION

We began our research with the motivation to investigate what happens to an MI in local contexts after the innovation has been initially adopted, as MI creates the change of "new ways of structuring and organizing work" (Damanpour & Aravind, 2012: 427) intended to enhance performance (Birkinshaw et al., 2008). We proposed a process-based model and multidimensional understanding of the MI adoption process and applied this model to 17 empirical cases across two stages of data collection to illuminate how and why an MI is adopted in a variety of organizations over time, providing nuances of the complexities of adopting novel management practices. We did so by responding to several calls for research in the MI literature focusing on adoption as a process in local contexts. Many existing process studies of MIs take the perspective of idea generation (e.g., Abrahamson, 1996; Birkinshaw et al., 2008) and the cumulative adoption process of awareness, selection, and implementation resulting in the spread of innovation across organizations (Damanpour & Aravind, 2012). By developing and applying a process-based model, we demonstrated how an MI evolves beyond its initial adoption internally in organizations and that some aspects of the innovation can be rejected while others are accepted. Moreover, we identified the efforts it takes to maintain and develop the innovation beyond this initial adoption while illuminating situations of rejection. In doing so, we moved beyond examining the process of MIs as cumulative adoption across organizations. Instead, we add knowledge on the dynamic nature of such innovations and how an innovation travels in constant flux and transforms in the different local organizational contexts in which it is adopted. Hence, we illustrated that the adoption of an MI is much more than an implementation decision (Damanpour & Aravind, 2012). It is a process that requires resources and active effort if an organization wants to conserve and sustain the innovation when it is found to add value and further the organization's goals. In this process, the result is a different, adapted, and modified MI, suggesting little standardization in MIs. Rather, an MI becomes blurred as it is adopted and applied in different contexts. This highlights the tacitness and ambiguity inherent to MIs, making them difficult to observe, but also complex and comprehensive for managers to adopt.

REFERENCES AVAILABLE FROM THE AUTHORS