Innovatives Produktions- und Technologie- management

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Innovations in Strategic Management Systems: How Do Firms Adopt, Apply and 'Root' New Management Concepts ?

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1 Introduction

In the course of the last decades, numerous *management concepts* such as Portfolio Analysis, Scenario Planning, Shareholder Value Analysis, Benchmarking, Business Process Reengineering, and Balanced Scorecard have been developed by academics, consultants, or managers, and have been applied in managerial practice (e.g. Henderson 1971, Kaplan and Norton 1996). Scientific studies have investigated the diffusion of these concepts in terms of how many firms have used them and how many have judged them positively (Rigby 1994, Al-Laham 1997). Others recognized the shift from quantitative forecasting and decision methods to more qualitative process-type concepts (Houlden 1985), or studied the diffusion process of software-based tools (Tampoe and Taylor 1996). Some authors also focused on prominent concepts such as Scenario Planning and its application within firms and made suggestions how to fruitfully apply them (Malaska 1985, Schoemaker 1995).

The use of management concepts can vary considerably across firms. Firms that may completely ignore them often experience an overload of daily operational activities, and thus lack the time and resources to stay in touch with the current „state of the art” in this field. Other firms, however, are constantly in close contact with concept producers such as scientific institutions or consulting firms, and carefully observe new ideas appearing on the market and experiment with them.

Surprisingly, little attention has been paid to the complex processes initiated through management concepts in firms and their environments therefore prompting the following questions: Why and how do firms seek for new concepts? Why are some concepts broadly adopted while others are not? How are concepts adopted by firms and fitted into their specific context? Are there any feedback-loops between the activities of producers and users of such concepts? Which factors influence the supply and demand for concepts? Who are the dominant promoters of concepts and through which behavioral patterns do they receive or lose their prominent position? How are concepts retained or dropped in firms and why?

In this paper we will dig deeper into the above mentioned questions. We define a *concept* as *an explicit systematic set of ideas aimed at being applied in managerial practice and offering support for managerial problems*. Management Concepts are either based on experience gained through an inductive approach, or are deductively derived through normative statements. Frequently, a mixture of both approaches is applied using an iterative approach. A concept includes explicit knowledge and encourages the potential users to apply it in their day-to-day actions (Froschmayer 1997, Osterloh and Grand 1994).

According to Eppler (1999), management concepts in general rely on *five basic principles*:

- they separate particular issues from more peripheral ones (Categorization)
- they transform situations or sequences into graphic form (Visualization)
- they transform data into manageable pieces of information (Aggregation)
- they provide mechanisms to make implicit knowledge explicit (Elicitation)
- they provide an incremental approach to gain insights into a problem (Guidance).

While our definition includes concepts such as Balanced Scorecard, Scenario Techniques or Portfolio Analysis, notions like Core Competencies or Knowledge Management are not included. Only when these constructs are linked to a systematic set of guidelines will we consider them concepts. Otherwise, they are only vaguely specified ideas. In our opinion, it is important to make this distinction because within scientific and managerial discourse, expressions such as *techniques*, *instruments*, and *concepts* are often used synonymously without specifying in more detail their semantic characteristics.

First, several propositions based on theoretical reasoning are suggested. In order to structure our propositions, we will distinguish between three phases of the use of concepts: (1) During the *adoption phase*, firms are screening the market for concepts and making decisions on either using a concept or abstaining from it (2). In the *application phase*, firms are working with specific concepts, trying to integrate it into their individual ways of thinking and acting. (3) Throughout the *rooting phase*, firms either institutionalize a concept or finally get rid of it. Each of these three phases of the life-cycle of a concept is characterized by specific phenomena which will serve as the starting point for the formulation of our propositions. We will then discuss some implications and draw some conclusions for academics, managers, and consultants, with regard to the interplay between concepts, concept producers and concept users.

2 Adopting, Applying and Rooting Concepts

2.1 The Adoption Phase: Getting in Touch with Concepts

Activities of firms are usually both guided and constrained by their specific „dominant logic” (Prahalad/Bettis 1986). Cognitive structures, which are developed over time and based on experience and justification processes, determine how an organization perceives its environment, makes its decisions and handles its business activities. As long as these activities run smoothly, the prevailing cognitive structures are not challenged and therefore remain unchanged. They are, in other words, sufficient to maintain the current business model of the organization. However, when crises emerge, well established models of thinking start losing their status of legitimacy within the organization (Hall 1976, 1984), since they no longer provide a platform for coping with upcoming problems and challenges. Consequently, an increased level of management attention for the perceived problem, as well as a growing need among organizational members for reduced uncertainty and ambiguity, arise. In that sense, the impact of crises on organizational cognition is twofold: *„Once an emergency in the organization has been identified, it generates both information and the demand for information.”* (Kiesler and Sproull 1982, p. 562).

In this situation, firms begin to reconsider their approach on how to do business. They start to question their dominant logic, search for more helpful ideas and eventually adopt and experiment with management concepts that they consider as helpful for meeting their specific needs. Crises cover a broad range of internal or external events. They refer not only to situations when financial figures deteriorate, but also include more diffuse situations when managers become aware that developments are on their way that might be detrimental for the organization. This perception can also result from processes of social cognition, for example through consensus-building within a management team (Kiesler and Sproull 1982). Therefore, whether a crisis actually exists or rather is socially constructed, it nevertheless can be argued that the probability increases that firms will open up themselves for new ideas. As a result, the perception of environmental change is a basic element of managerial behavior in the context of a crisis, and as a prerequisite for the adoption of a new concept corresponding to the organization's needs. Hence, our first proposition:

P1: The perception of a crisis among managers increases the probability that new management concepts are adopted.

Like any other initiative of corporate change, the adoption of a concept is the outcome of a process of *organizational learning*. However, due to its inherent complexity, this process is subject to the impact of a broad range of situational factors, most of which are beyond managerial control (Kirsch 1992). According to Gomez and Müller-Stewens (1994), the success or failure of organizational learning depends on both the external and internal context of the focal organization. The external context includes variables such as rules or structures (e.g. within a given industry) that are largely independent of the organization. In contrast, the internal context consists of structures, rules, values, norms, beliefs, as well as knowledge on pure facts and procedures that are to be found within the organization. As far as these elements are shaping the range of possible forms of thinking and acting within the organization, they represent and contribute to organizational knowledge (Strasser 1994). According to Pautzke (1989), the *knowledge base* of an organization is defined as *a network of implicit or explicit assumptions of a collective unit on itself and its environment being developed and justified through organizational discourses*. In this sense, the term is closely related to the notion of organizational memory which is described as „*stored information from an organization's history that can be brought to bear on present decisions*” (Walsh and Ungson 1991). It should be noted, however, that it not only covers the knowledge which is relevant to the specific organizational context, but also includes all elements of knowledge available to and derived from everyday experience of the organizational members.

The adoption of a concept depends, along with other factors, on the question of whether its underlying assumptions and ideas are compatible with the existing knowledge base of an organization. If they are considered too exotic or hardly understandable, the concept has little chance to be adopted. The same holds if a firm is lacking the know-how to assess the potential benefits of a new concept. Using a Shareholder Value approach, for example, requires the ability to understand and work with cash flow projections.

However, if the ideas of a concept are not very different from what the firm already knows, its problem-solving capacity is also limited. Therefore, the successful adoption depends on finding the balance between being too far away from the existing knowledge base, or being too close to it thereby offering no new insights. It can be expected that concepts representing this equilibrium are chosen by firms whereas others are neglected. Therefore, our second proposition assumes that

P2: The more a concept is compatible with the knowledge base of a firm, the better is its chance to be adopted.

Following this proposition, one could assume that the quality of a concept and its underlying ideas are the most decisive factors for its adoption. Concepts which have a high power of persuasion and can demonstrate that they are well crafted to

cope with managerial problems should be selected due to these superior properties.

However, the power of persuasion is an important, but not sufficient precondition for the adoption of a management concept. With reference to Weber (1963), Kirsch (1997) points out that only where new ideas fit with the interests of and within an organization, will adoption actually take place. According to Kirsch, it is helpful for this purpose to distinguish between the notion of primary and secondary knowledge. Primary knowledge refers to all the ideas that are convincing due to the strength of their underlying reasoning. One could call this persuasion based on the logic and quality of ideas. In contrast, secondary knowledge refers to the social process of persuasion which is influenced by concept producers as well as by internal interest groups of an organization. Kirsch argues that in cases of doubt secondary knowledge will be the decisive factor for the adoption of new ideas. In the context of management concepts, this implies that only where interests that are tightly linked to the ideas of a new concept exist, will the concept have the chance to be applied.

This linkage between ideas and interests has far-reaching implications. First, it highlights that it is not necessarily the 'best' concept (in terms of primary knowledge) that is applied, as there is no 'neutral', objective form of evaluation by an organization. Second, it points to the importance of the political processes where divergent interest groups interact (Dutton 1995; Eden 1992). Hence, the third proposition:

P3: The better the fit between individual interests and the basic ideas of a concept, the higher the probability that the concept will be adopted.

On the supply side of the market of concepts, the activities of the concept producers also have an impact on the adoption of management concepts. In this context, three factors have to be taken into consideration: *marketing intensity*, *reputation of the producer* and *successful reference cases*.

First, management concepts today are broadly marketed using a wide range of media channels. Whereas journals, books and seminars are rather traditional means, the production of CD-ROMs or distribution via the Internet offer new channels of communication for enhancing the potential user's familiarity with concepts. Corresponding to current marketing practice in the business services sector, it can be assumed that the more intensely and the more completely the whole range of available communication channels is used, in order to promote a new management concept, the more widely the public will be reached and hence, the more likely the concept is to be adopted.

Second, apart from the intensity of marketing activities, the reputation of the concept producer also has a strong impact on the adoption process. As new concepts

in the beginning offer new solutions for managerial tasks, the interested firms can not be sure whether a concept can accomplish its promises. In order to assess a concept from this perspective, it has to be applied and tested by the firm. Due to this causal ambiguity regarding the operational logic of the concept and its problem-solving capacity, the reputation of the concept producer becomes a crucial factor. It is assumed that well-known producers who were able to prove their capability to construct successful concepts in the past, will also be able to do so in the present and the future. However, reputation is not a static asset. Each successful concept will add to the reputation of a concept producer and give rise to a self-reinforcing process in which every concept stemming from a renowned consulting company is considered as valuable, simply because of the company's reputation. Of course, the same logic can also be applied to the case of a concept producer who is on a downturn spiral, in which every new concept is automatically regarded as being of inferior quality. Thus, reputation has to be seen as path-dependent and is enhanced with each success and diluted by each failure. The more reference applications a concept producer has at its hand, the better the chance for a concept to be broadly used within the adopting organization.

Third, in the adoption phase, the success of a concept and the perceived status and reputation of the concept producer as well as the promoters and intermediaries involved, are closely interdependent. Thus, it is often the *mise en scène* by prominent consultants or management gurus, rather than the content of a concept that is evaluated while adopting it. Accordingly, meetings or seminars held in order to introduce a concept into the organizational context take the role of *rituals of confirmation* (Kieser 1996). In this context, the ritual aspect helps to attribute a specific normative status to the concept that goes beyond purely rational justification. Of course, even the reputation of a famous concept producer can not guarantee that a new concept will offer the promised benefit. Therefore, successful reference cases giving evidence for the problem-solving capacity of a concept can be assumed to have the strongest external impact on the adoption process. Thus, our fourth proposition suggests that

P4: The higher the reputation and marketing intensity of the concept producer and the more successful case references he/she can demonstrate, the higher the probability that a new concept will be adopted.

Closely linked to the behavior of concept producers trying to optimize their marketing activities to enhance their reputation and to demonstrate reference cases, is the phenomenon which we label the „impact of benevolent followers.” It refers to a set of individuals sharing a positive attitude towards a specific management concept. The social structure emerging from these linkages representing a social network (Tichy et al. 1979, Tichy and Fombrun 1979), either formal or informal, is favorable to the adoption and application of a concept. Correspondingly, „... *an organization is conceived of as clusters of people joined by a variety of links which transmit goods and services, information, influence, and affect.*” (Tichy

and Fombrun 1979, p. 925). It should be noted that the relationships among individuals underlying the network structure may not only evolve based on commonly shared experiences (e.g. from the former affiliation with a concept producer), but may also be intentionally installed by the management of a firm (Charan 1991).

For example, consulting firms often actively try to place former consultants into their client firms, in order to support their careers and to stay in close contact with their clients gain better access to potential consulting projects. Employees who formerly worked as consultants not only have the propensity to promote the adoption of concepts developed by their previous employers, but also share a positive attitude towards other new concepts available on the market. The same behavior can be assumed for members of the alumni network of a university. In analogy to Crozier and Thoenig (1976), the adoption of a management concept can thus be interpreted as a result of micropolitical games that are supported, among other factors, by interpersonal relationships going beyond organizational boundaries. Therefore, we can formulate the following proposition:

P5: The more „benevolent followers” of a concept producer that are working in a firm, the higher the chance that the concepts of this specific producer are adopted compared to concepts of other producers.

2.2 The Application Phase: Working and Living with Concepts

The experiences of firms applying management concepts are quite heterogeneous. Regarding the benefits of application, we have to take another look at the notion of the organizational knowledge base. If knowledge is conceived as an ongoing stream of activities within the organization, rather than as a static organizational resource (Blackler 1995, Spender 1996), the benefits of a new concept will vary according to the dynamics and trajectories of the processes that are constantly reshaping the existing knowledge base of the firm. The value-added of a management concept thus becomes a fuzzy and highly firm-specific issue. Why is this the case? Why does a new concept not offer the same benefit to all firms, regardless of the specific point of time of their application and the specific knowledge base it is added to?

In order to understand these issues we have to take a look at the interaction between concepts and the knowledge bases of firms. In general terms, we can say that the larger the knowledge base of an organization is the more new insights can be generated. In the case of a broad knowledge base, there is not only one link between the ideas of a concept and the knowledge base of a firm, but rather several links, each offering new insights. In other words, the more an organization

already knows the more possibilities it has for fruitfully applying and interrelating new ideas.

The relationship of mutual reinforcement between concepts and the knowledge base of organizations, can also be described as a positive feedback loop generating increasing returns as known from the development of new technologies (Arthur 1989, 1994). As a result of the adoption process described above, a concept is chosen from a broad range of available alternatives. Once the choice of a concept is made, however, the variety of possibilities for future organizational evolution is restricted, and further decisions on the adoption of new concepts are made on the basis of the knowledge and experience gained through the use of the initial concept. This path dependency is driven by the growing necessity over time to combine the knowledge already developed with new concepts that are largely compatible and only incur low costs of application. Hence, our sixth proposition:

P6: The larger the knowledge base of a firm already is, the more beneficial new concepts are.

The next proposition is linked with the process of „embedding” a concept. Although concepts offer specific guidelines for action, there nevertheless remains ample space for interpretation and adjustment for most of them (Gioia and Chittipeddi 1991; Weick 1995). For example, the axes of a portfolio matrix allow different features, different measurement criteria and different units of analysis. The real form and shape of a concept in managerial practice can therefore significantly differ from the original concept as well as differ across firms applying the concept. One could even argue that the most widely disseminated management concepts allow for the adjustment to specific organizational contexts, and avoid prescriptions that greatly limit the potential range of applications.

As already mentioned, the process of embedding a concept – like any effort of organizational change – has to be regarded as highly political, especially if a concept serves as a communication platform on which crucial and far-reaching decisions are taken. Crozier and Friedberg (1979) argue that individuals engage in organizational activities because the organization has an instrumental role in attaining these aims to a degree that would otherwise be impossible. Hence, organizations are described as the result of individual ways of behavior that are basically guided by the pursuit of personal aims of their members but which, as a whole, combine to mutual benefit. Since organizational members are dependent on each other in attaining their goals, they mutually represent „zones of uncertainty” in the sense that these dependencies constrain the range of choice for individual behavior. Thus, the political games of individuals with respect to embedding an adopted concept into the organizational context, can be generally understood as an example for the processes of mutual bargaining on the shape and meaning of corporate transformation initiatives (Miele 1998). Hence, we suggest that

P7: The more space for interpretation and firm-specific adjustments a management concept has, the higher the probability that interest groups are shaping and using it according to their particular interests.

The impact a management concept has on a firm largely depends on the question of whether it can become a legitimate and widely accepted part of the procedural structure of an organization. This process can fail due to the conflicting interests of partial groups, or simply due to the fact that the organization is lacking the capabilities required to work with it. Here, supportive mechanisms such as education programs, the provision of slack resources, or the support of experienced advisers are necessary to provide an organization with the required skills. Often firms are not putting enough emphasis on such topics and neglect them. After a short period of time, management attention is then shifting towards other issues, thus implicitly giving a signal to the organization that other priorities rule the agenda.

A further basic precondition for bringing management concepts into the application phase is the availability of platforms for communication and reflection, so-called *arenas of change* (Buschor 1996, Rüeegg-Stürm 1998). Their purpose is to provide a basis for the creation of common patterns of communication in the course of the change process, which can help the individuals involved to mutually combine and integrate their sometimes diverging perceptions and interpretations about the concept. In order to ensure these functional properties, arenas of change have to be designed according to principles that facilitate experimenting and training. In that sense, they serve as a laboratory for developing and evaluating the concept as a new element of organizational reality. The design of such arenas of change should therefore correspond to the future application of the concept as closely as possible. Accordingly, we assume that

P8: The more managerial action is taken to support the introduction of a concept, the higher the probability that it will be broadly applied.

Although most management concepts take some time to be fully understood and integrated into the working mode of an organization, many firms tend to be overly ambitious in introducing many new concepts available on the market at once. Regardless of whether these concepts have to be considered as „fashions” offering little value added (Kieser 1996; also see Abrahamson 1991, 1996), or whether they can provide a significant benefit to the firm adopting it, several questions arise: What is the appropriate speed for introducing new concepts? With how many concepts can an organization cope at the same time? When is it too much? Are there cases in which a specific time frame cannot be reduced?

Hamel and Prahalad (1989) suggest that in order to attain leadership in competition, firms should set their goals at standards that clearly go beyond current organizational resources. The corresponding managerial task then is to build up and disseminate such an ambition throughout the whole company, as well as to create

self-confidence among organizational members to deliver even on tough goals. This collective aspiration is labeled „strategic intent” and receives its coherence and shape through an intuitively transparent vision. *„The concept also encompasses an active management process that includes: focusing the organization’s intention on the essence of winning; motivating people by communicating the value of the target; leaving room for individual and team contributions; sustaining enthusiasm by providing new operational definitions as circumstances change; and using intent consistently to guide resource allocations.”* (Hamel and Prahalad 1989, p. 64).

Closely related to the notion of strategic intent are the concepts of stretch and leverage in corporate strategy (Hamel and Prahalad 1993). Stretch refers to the misfit of organizational resources and ambitions that leads companies with limited resources to leverage, instead of simply allocating them by constantly seeking more efficient ways for attaining their goals. However, in the context of the adoption and application of management concepts, the question arises in how far stretch can be maintained without exceeding the organization’s absorptive capacity (Cohen and Levinthal 1990) which decides on its ability to adequately assess the value of a concept as well as to adopt and apply it in organizational practice.

Here, we argue that the existing knowledge base of an organization again has to be taken into account. The smaller it is, the faster an organization will experience an overload of concepts over time. As a result, corresponding projects remain stuck and lose support and legitimacy. However, firms with high professional standards seem to have much fewer problems applying and testing new concepts. They also seem to have a profound understanding on how many concepts they can introduce and assimilate within a specific period of time. Hence, proposition nine suggests that

P9: The smaller the existing knowledge base of an organization and the more new management concepts are introduced, the higher the probability that an operational overload will occur.

2.3 The Rooting Phase: Institutionalizing Concepts or Getting Rid of Them

We call the final phase of the life cycle of a management concept the „rooting phase”. In this phase, the concept is either retained, eliminated, or replaced by a competing approach. In general terms, the management concept has either become part of the specific *modus operandi* of an organization, and influences the patterns of thinking, communicating and acting in an implicit or explicit manner, or the company will get rid of it.

Elimination of a concept can occur in situations where a concept, which was already successfully fitted into the organizational context, is subject to changes of its properties that originally led to its adoption. However, this only happens in few cases in which fundamental issues of organizational structures or processes are concerned. In contrast, a concept already embedded into the organizational context will achieve increased stability over time if the internal organizational environment remains stable as well. The notion of embeddedness is used here with reference to Granovetter (1985), who suggested that all economic activities are embedded in networks of social relations, thus reducing the uncertainty of the information upon which economic behavior is based. This implies that stable action patterns and structures within and between organizations can only exist on the fundamentals of personal relationships and mutual trust. Correspondingly, we assume that

P10: The stronger a concept is „embedded” into the management systems of a firm, the higher the probability that it will remain in use.

With regard to the analysis of networks of social relations, Granovetter (1973, 1982) also introduced the concept of „weak ties”, which holds that mutual social involvement among personal acquaintances (weak ties) of a given individual is less likely to occur than among his or her close friends (strong ties). As a consequence, the social network relying on strong ties will be more densely woven than the network based on weak ties. Strong ties define a social sphere or clique in which a broad range of tasks, including the formation of individual attitudes and beliefs, is performed. These high-density networks are only loosely coupled through occasionally emerging weak ties between individual members of a specific group and members of other high-density networks or groups.

Nevertheless, it is these weak ties which are essential for exchanging and disseminating information throughout the overarching social system. In the absence of weak ties, the knowledge base of an existing high-density network and the creation of new ideas purely rely on the available knowledge of its members. *„It follows that individuals will be deprived of information from distant parts of the social system and will be confined to the provincial news and views of their close friends”* (Granovetter 1982, p. 106). With respect to the rooting of management concepts within the organizational context, the organization has therefore to find an equilibrium, which combines the stability of strong ties that support the rooting of concepts, with weak ties, to potential sources of concepts that facilitate innovation and the adoption of new ideas.

However, the embeddedness of a concept within the existing organizational network of social relations depends on whether or not the concept is already established as a legitimate element, and on how many employees were educated on the concept and hence internalized its basic ideas. The formal rooting of a concept as

a management system is of major importance in this context since firms often only slowly change their management systems (Hannan and Freeman 1984).

Hannan and Freeman argue that in situations of diversity of interest among organizational members and uncertainty about means-ends relationships, individual purposeful behavior and organizational performance are unlikely to coincide. Thus, the attempt to cope with environmental change will be rather arbitrary with respect to its future outcomes. In these cases, stable organizations sticking to reliable and accountable patterns of behavior while facing volatile, uncertain environments, will maintain a higher degree of viability within their competitive environment compared to organizations undergoing rapid change. Accordingly, organizational inertia or conservatism (Child et al. 1987) – as expressed through the consistent use of a specific management concept over time – can be favorable for the long-term integrity and viability of the organization.

Once a concept has gained an overarching legitimate status within the organization, it has a better chance to survive in the on-going processes, compared to a concept that is only applied for single tasks. In this sense, the processes of embedding and rooting within the life-cycle of a concept can be seen as path-dependent, as well as self-reinforcing. We therefore suggest that

P11: The longer the duration period of a concept is, the higher the probability that it will remain in use.

As in the case of the development of technological innovations, the fate of management concepts is often closely connected with the activities of so-called promoters (Witte 1973, Hauschildt 1993) or product champions (Chakrabarti 1974, Howell and Higgins 1990, Pettigrew 1998), which foster and promote a new concept in all phases of its use. Their activities are often institutionalized through special projects that are equipped with abundant human resources and are visibly placed into the organization. Depending on the complexity of the concept, the process of rooting a concept can require several types of promoters focusing on its different aspects. According to Hauschildt (1993), organizing for innovation may in general involve up to three types of promoters including power promoters, specialist promoters, and procedural promoters. Whereas the two former roles cover the aspects of power resources and content expertise, respectively, the latter is dedicated to the coordination of the whole process with special attention to the specific organizational needs.

However, when one or several of these promoters quit the firm, they potentially leave a power vacuum, where the concept is in danger of losing support. This risk, among other factors, gives support to the argument for careful succession planning and the tendency to favor homogeneity, especially within top management teams (TMTs), in order to avoid major disruptions for the organization (Zajac 1990, Zajac and Westphal 1996). Also, the tendency to favor newly hired manag-

ers from outside the organization may attribute to these managers being less interested in promoting the use of an existing management concept or setting different priorities on the agenda. Moreover, these managers often bring with them concepts that they are more familiar with, thus transferring them to their new employer and creating competition between various and possibly diverging ideas about the appropriate way of working. In the case of an emerging critical situation in the application phase, where the management concept does not seem to be able to adequately solve a managerial problem, its position in the organization will be further eroded. Hence, our next two propositions:

P12: The more promoters of a management concept leave a firm, the higher the probability that it will be eliminated

P13: The more new managers enter a firm, the higher the probability that the existing concepts of that firm will be replaced by others.

The available supply on the market for management concepts and the impact of external stakeholders on the achievement of the organization's objectives (Freeman and Reed 1983) also play a decisive role for the evolution of a management concept in organizational practice. The sources of the stakeholders' potential impact thereby provide the justification for their specific claims to the organization. Thus, the organization is exposed to a constant influx of new concepts, developed by consultants or academics, that challenge the existing ones. This story-line mostly follows a typical pattern. First, the shortcomings of old concepts or pressing managerial problems are pointed out in organizational discourse. Then, the new concept is presented as the logical answer to the identified weaknesses. Thirdly, reference cases are presented in which the new concept was successfully applied in practice. Finally, a pilot study is then proposed in order to assess the benefits of the new concept in the specific organizational context.

The diffusion of a new concept is fostered by stakeholders, such as financial analysts or fund managers. For example, the financial consulting firm Stern Stewart is actively promoting its concept of Economic Value Added (EVA) among firms and financial analysts. These stakeholders, in turn, urge other firms to use this rather than other concepts. Therefore, we suggest that

P14: The higher the pressure of external interest groups to introduce a new concept, the higher the probability that an existing concept will be replaced.

Our final proposition argues that firms, which frequently apply and use management concepts in order to solve their managerial problems, are more profitable than firms that are characterized by having a low expertise and professional standard in this field. If this proposition would not hold, the implication that there is no difference between firms working with or without concepts would arise. While

this proposition at first glance seems to be somewhat extreme, it should be kept in mind that if it fails the empirical test most of the efforts undertaken by the scientific and consulting community during the last 30 years would not have been fruitful for managerial practice, since their impact is guided by theories and frameworks that constitute the basic ideas of most management concepts. The proposition also hints to questions such as: What is the relationship between theory and practice? Does theory have an impact on managerial practice and, if so, by which means and with what results?

Since the early 1970s, the impact of the degree of planning formality in strategic management on organizational performance has been investigated in a large number of studies (e. g. Ansoff et al. 1970, Herold 1972), most of them finding positive correlations. However, some authors, while reviewing the growing amount of literature in this field, also criticized the lack of theoretical and methodological foundation, the often contradictory findings and the marginal relevance for research and management practice found in many of these studies (Armstrong 1982, 1986; Shrader et al. 1984; Pearce et al. 1987). From a resource-based perspective, Powell (1992) analyzed the correlation between strategic planning formality and organizational performance in a more refined research design, finding that within industries that showed imperfections on the strategic planning factor market, the degree of planning formality and financial performance of the firms considered were positively related. According to this view, the value of strategic planning tools is dependent on their specific value, scarcity and imperfect imitability (Wernerfelt 1984, Barney 1991, Peteraf 1993), thus implying that under certain circumstances, their effect on organizational performance could also be non-existent.

P15: The more management concepts are used by firms and the more expertise the firms have regarding conceptual tools, the better their financial performance.

3 Discussion and Conclusion

In this section, some preliminary implications for the development, use, and future scientific research of management concepts are drawn. Moreover, we summarize and integrate our propositions into a simple model of the use of management concepts (see Fig. 1), which is aimed at describing the forces underlying the three processes of adoption, application and rooting of concepts taking place within organizations, as well as their mutual interrelations and interdependencies. Undoubtedly, the model does not cover all issues relevant to the topic discussed here and thus leaves space for further refinement. However, it should be noted that it is not intended to postulate any developmental law or predetermined sequence of

procedural steps with an inevitable outcome, but rather is meant to provide an integrative overview that could serve as a starting point for a more elaborate discussion of the various issues we presented in this paper.

Fig. 1: A framework for the adoption, application and rooting of management concepts

In general terms, we believe, in accordance with Pautzke (1989) and Kirsch (1997), that in the context of all these three processes, the organizational knowledge base and its evolution through organizational discourses constitute a factor of overarching importance for the creation and selection of knowledge, as well as of norms, values, attitudes and beliefs commonly shared not only within organizations but also within any social system. With special reference to the issue of the use of management concepts as discussed in this paper, the impact of the organizational knowledge base on the adoption, application and rooting processes, as well as the effect of the corresponding feedback-loops from the use of concepts back to the organizational knowledge base, is moderated by the range of influence of the situational variables in our model.

For reasons of analytical clarity, both internal and external factors should be distinguished here. Whereas external aspects refer to factors which are located in the economic, social, political, competitive, and sectoral environments of the firm, internal aspects include structural, political and cultural forces unfolding within the organizational context (Pettigrew 1992). In combination with the organizational knowledge base, these situational aspects jointly help to shape the context for dealing with management concepts and are conversely shaped by these concepts at the same time. Furthermore, this reciprocal causality represents an important explanation for the historical dimension of the path-dependent use of concepts, as suggested above.

In this paper, we described the perception of a crisis as a decisive precondition for the initiation of organizational activities of decision-making on adopting a specific management concept. Based on their potential fit with the existing knowledge base of specific organization, available concepts are assessed according to the reputation of the concept provider as a well as with reference to previous successful applications in business practice. Finally, they are selected by the top management team. Existing personal networks going beyond organizational boundaries help to favor and promote certain concepts in this decision-making process.

The adoption of management concepts can thus be described in terms of unidirectional, mechanistic relations between the impact of the organizational knowledge base as well as situational factors and the outcome of a decision on the adoption of a specific concept. In contrast, the subsequent processes of evaluation and adaptation in the application phase are characterized rather by reciprocal relations between the involved factors taking the form of iterative feedback-loops. Also, the processes taking place in this phase are located inside the organization with no significant perturbation by external factors.

Depending on the size of the existing knowledge base, and the corresponding absorptive capacity that determines whether the organization can keep pace with the actual speed of concept adoption, the preliminary results of the evaluation and adaptation of a specific concept will alter the organizational knowledge base, and thus positively or negatively affect the further application of the concept. Analogously, the concept in its current shape is constantly compared with and gradually modified by the structural aspects of its application (i. e. the existing range of possibilities for adjustments of the concept and the availability of change arenas within the organization) in organizational practice.

As a result of these reciprocal processes of repetitive evaluation and adaptation, a specific concept will be either rooted into the organizational context or either disappear over time. In other words, their fate is in a way governed by the specific organizational context, but is not foreseeable for organizational members. Again, we believe that the course these evolutionary processes take is closely linked to the various aspects of the organizational knowledge base, namely the existing expertise with concepts and the number of concepts already in use within the specific organization. Internal situational aspects, such as the embeddedness of a management concept in networks of social relations, the existence of promoters of concepts, and the velocity of membership change among the top management of the firm, have to be taken into account here. Also, external factors, such as the impact of stakeholder attitudes, are relevant in this context.

3.1 Implications for the Development and Use of Management Concepts

In the light of the propositions made in this paper, it becomes more obvious that on one hand, the adoption, application and rooting of a new concept in general represents a massive intervention in the on-going process of organizations. On the other hand, it has to be taken into account that these activities give rise to autonomously evolving organizational processes with largely unpredictable outcomes. Thus, the introduction of new concepts into an organization can lead to unexpected consequences as they come in touch with the established operational logic of a social system. Academics and consultants involved in the development and the proliferation of management concepts may find it useful to take this aspect into consideration with respect to issues of implementation.

We therefore suggest that firms should strive to develop capabilities with respect to dealing with concepts. This would help them to achieve a more mature professional level based on which concepts available on the market could be screened, selected, adopted, applied, rooted or dropped in a more effective and systematic fashion. Furthermore, we believe that such capabilities should be collectively embedded within the organization, whereas the activities of concept producers or concept intermediaries could support this process. At the same time, these capabilities would help to provide the firm's management with a conceptual framework for the adoption, application and rooting of management concepts in the sense that these processes could be identified and analyzed within the organizational context, according to specific evolutionary patterns, thus reducing managerial uncertainty.

3.2 Implications for Future Scientific Research

The adoption, application and rooting of management concepts so far constitutes a scarcely covered research topic. Since these concepts have a strong impact on on-going processes in organizations, we suggest to study these issues in greater detail. The analysis, which is especially relevant in the adoption phase, should thereby encompass the supply and demand of the concept market as well as the interaction between both forces. The political dimension here also holds a prominent position on the research agenda, since the interests of the individual participants guide the overall behavior towards a specific concept. The decision on whether a concept is adopted and applied is therefore not to be considered as a purely rational process determined by the problem-solving capability of a concept, but rather as a political process following its inherent logic (Eisenhardt et al. 1992).

Similarly, the influence of management concepts on organizational power structures and discourses of power (Gergen 1995) also appears to be highly significant in the rooting phase in view of our analysis. As an example, the reputation of a concept promoter within the organization and the outcome of the adoption of a concept are closely interrelated. This aspect highlights the relevance of the evaluation of the specific power structures and micropolitics within a firm in terms of the use of concepts. We therefore suggest to study what role concepts have in processes of micropolitical bargaining, as well as how they are used by organizational members with respect to individual or group interests.

When interpreting our propositions in the context of the scientific discourse (Rouleau and Seguin 1995), the search for objective guidelines offering the most efficient and effective approach has to be considered as unrealistic, as it rather follows the logic of a prominent scientific „tale” (Derrida 1985; Copper 1989), which is just one among others (Goold and Campbell 1991). Due to the reciprocal relation between management concepts and the factors influencing their use within organizations, as suggested in our model, the notion of exclusively rational managerial planning and control should also be abandoned here. Moreover, it becomes clear that the production and application of the constituent ideas of a concept are always embedded in the context of a specific interest group, be it a consulting firm, an academic institution, a traditional manufacturing company or any groups within the organization.

In our view, some other research issues are also worth covering more intensively. First, future research should further delve into examining the impact of organizational perception and „linguaging” processes on the use of management concepts, since they are aimed at triggering changes in cognitive patterns (e.g. Business Process Reengineering, Total Quality Management) and brought forward by language (von Krogh and Roos 1995). Second, research should also attempt to clarify to which extent concepts themselves change organizations. More specifically, we suggest the following issues to be addressed in greater detail:

- What is the impact of management concepts on patterns of cognition, communication and action, as well as on institutionalized structures and processes?
- How do concepts help to attain coherence in strategic thinking and acting?

Again, these questions are intended to reflect the reciprocal nature of the causal relations we incorporated in our model.

As a result, we argue that the impact of management concepts on organizational practice is far from trivial. Concepts are increasingly used in business practice for initiating and sustaining organizational redesign within and across industrial sectors, and can thus serve as platforms for discussions regarding the future di-

rection of a firm's development. We think that it is therefore essential to cover this promising field of study with greater attention in future research.

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