“Management innovation practices to public sector organizations”

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Abstract

The journey of modern management ideas to the public sector in post-socialist countries is expected to be hampered by several barriers. This paper aims to justify the need to implement management innovation practices for public sector organizations. The study was conducted using the method of typological analysis to determine the organization of managerial innovations; modeling method to determine the conceptual model and the position of the travel of management ideas to the country. As a result, a conceptual model was proposed, including elements of the internal and external control environment. Conclusions are given on the barriers that affect the choice and acceptance of management ideas. The article extends current research understanding of man-agreement innovation in the public sector in the region by specifically addressing the success, or failure, of the travel of modern management ideas to it and outlines key barriers to modern management adoption ideas in the public sector.

INTRODUCTION

Management innovation is a form of innovation that refers to novel management practices, processes, techniques, etc. designed and implemented to further some organizational goals. Some examples of more popular modern management ideas that have received extant practice and research attention in both private and public sectors are, for instance, ISO quality system, lean, project management, balanced scorecard, management by objectives, etc. This paper explores the of management innovation ideas and practices from the private to the public sector in post-socialist Central and Eastern Europe (CEE) and to explain why they are often rejected and encounter failure in the post-implementation stage in the public sector.

Management innovation is no less relevant for economic and social progress as for technological development. However, the introduction of new management ideas is a challenging process, as very often organizations lack the required expertise, which, in turn, leads to high levels of ambiguity and uncertainty among employees who in fear that the introduction of new practices may impose some negative outcomes to them and the organization tend to resist such changes.

Prior research on the application of management innovation models and practices in the public sector is inconsistent. On the one hand, high failure rates have been reported; on the other hand, management models were found to work in the public sector with some limitations. Thus further research is needed to extend current research.
understanding of how management innovation models are selected and implemented and lead them to either success or failure.

Public sector innovation research has been mostly conducted in the Anglo-Saxon context. Research on adopting specific management innovation ideas in the CEE public sector organizations has only recently started getting growing research attention.

1. THEORETICAL BASIS

1.1. Management innovation ideas in the public sector

Innovation is increasingly being seen as a potential means of improving public services and enhancing public organizations’ public problem-solving abilities (Bason, 2018; Damanpour & Schneider, 2009). Among the different types of innovation adopted in the public sector, the greatest attention in prior research has been attributed to administrative process innovation, followed by technological process innovation, service innovation, governance innovation, etc. that to varying degrees have been reported to lead to such positive outcomes as enhanced organizational effectiveness and efficiency, customer satisfaction, etc. (De Vries, Bekkers, & Tummers, 2016). Thus, innovation is no less important in public sector organizations as in the private sector (Torfing, 2018).

The content, course, and outcome of innovation adoption depend on complex interactions between intra-organizational antecedents, resources and actors, and the external environment, emphasizing the critical role of the national context in which innovation is adopted (De Vries, Bekkers, & Tummers, 2016). Post-socialist CEE countries make a unique research context, and their studies have the potential to offer distinct empirical evidence conducive to theory development (Soulsby & Clark, 2007). These countries also make an interesting research object as their public administration practices, and management beliefs are still deeply marked by the socialist imprinting (Kriauciunas & Kale, 2006). What also makes these contexts different is a shorter history of democratic governance and a more frequent change of political power in CEE, which has restricted consistency and continuity of reform implementation. A lack of civil service professionalism and a need to fight against corruption also make the CEE region distinct (Ongaro, van Thiel, Massey, Pierre, & Wollmann, 2018).

Amongst the management innovation models, ISO 9000 series standards are the most favored and implemented widely across diverse types of public sector organizations such as local government institutions, educational and health care organizations, libraries, etc. (Löffler & Vintar, 2004). However, in contrast to Western Europe, where ISO quality systems were implemented to reduce costs, in CEE, it was more of a fashion, i.e., desire to follow public sector organizations that had successfully introduced and applied Western standards (Staronova & Löffler, 2004). Furthermore, despite its great popularity in public sector organizations, the latter faced multiple challenges in its implementation and maintenance. CEE countries, by and large, are lacking a national level service standard; therefore, quality management and selection of its specific tools and models are highly dependent on the agency management, which, in turn, has led to substantial variance between diverse institutions, while their specialist is not very keen to engage in the implementation and maintenance of the standard (Löffler & Vintar, 2004). In addition to the above, agencies in those countries also face important organizational structure and culture-related challenges (Tönnisson, 2004).

Research on public project management in CEE public sector is still modest; however, it shows that this management innovation tool remains unexploited. For instance, a study of project management practices in the Latvian public sector revealed that project maturity level is still relatively low in the sector (Pūlmanis, 2014). In a case study of a Lithuanian ministry, Pilkaitė and Chmieliauskas (2015) studied establishing a project management office, which initially started as a pilot project turned out to be successful. Nevertheless, this good practice has not been transferred to other ministries or government organizations.
1.2. Public management as a driver and context for travel of management ideas

Public sector innovation, administrative process innovation, in particular, is, as a rule, associated with its reforms such as New Public Management (NPM) (Pollitt & Bouckaert, 2004). In contrast to Western countries that engaged in NPM in response to the call to improve public sector efficiency and regain public trust in public sector organizations, CEE countries used NPM not as much as a tool to reform the public sector as to develop it in the context of the new political system (Randma-Liiv, 2008). Therefore, a brief overview of new public administration developments in CEE countries should be offered to provide a basis for a better understanding of the context and journeys of innovation and management ideas from private to public organizations.

Prior NPM research in the CEE context falls under two strands: 1) research exploring general aspects of NPM reforming, and 2) research addressing specific NPM tools and practices. Scholars of the first direction tend to question the expediency of NPM instruments in the context of CEE. Based on cases of refusal to implement NPM, they argue that NPM instruments are not suitable for CEE countries (Drechsler, 2005; Lember, 2006; Linder, 2011; Nemec, Merickova, & Vitek, 2005; Nõmm & Randma-Liiv, 2012). Among the reasons, they point to political and administrative instability in CEE countries and the main emphasis in reforms on efficiency and cost minimization (Nemec, 2010) and unsystematic implementation of practices (Dunn, Staronova, & Pushkarev, 2006).

However, Dan and Pollitt (2015) argue that although NPM has not always been successful in CEE countries, some NPM ideas have contributed to their public sector improvement. They also argue that NPM research in CEE countries focuses on NPM rejection and ignores its positive impact on reforms. Besides, conclusions on NPM inappropriateness are often derived from evidence with important limitations and generalizations on all NPM reforms irrespective of their multitude and dependence on varying factors. NPM reforms may be successful, provided their implementation is accompanied with sufficient administrative resources and adapted regarding the national context specifics. However, Dan and Pollitt’s (2015) arguments have met considerable criticism, as they also tend to generalize at the level of the NPM paradigm building on specific individual best practices, which, in turn, implies that some NPM practices may work in some CEE countries (Drechsler & Randma-Liiv, 2016).

The other strand that looks into the application of specific NPM practices and tools in CEE countries has mainly addressed such NPM practices as quality management and benchmarking (Nakrošis & Černiūtė, 2010; Reinholde, 2004; Tonnisson, 2004), performance management, and appraisal (Nakrošis, 2008; Nõmm & Randma-Liiv, 2012; Randma-Liiv, 2005; Verheijen & Dobrolyubova, 2007), contracting out (Lember, 2006; Nemec, Merickova, & Vitek, 2005), and agencification (Musa & Koprič, 2011; Nakrošis & Martinaitis, 2011; Nemec, Meričková, & Vozarova, 2011; Randma-Liiv, Nakrošis, & Hajnal, 2011), etc. CEE public organizations have tried to adopt several NPM practices, but with varying levels of success.

1.3. Management innovation in public sector

A top-down management innovation system prevails in the Lithuanian public sector, which implies a strong reliance on functional organizational structures. Although functional structures allow institutions to efficiently use their resources, such a system weakens the relationship between departments and complicates various management innovation initiatives. Therefore, the organizational structure of the Lithuanian bureaucracy has been one of the main barriers impeding public sector innovation. Irrespective of these barriers, Lithuania has satisfactory conditions for public sector innovation. Senior government officials are the key initiators of change. In many cases, they have a strong commitment to innovation, and the political will to implement it in the public sector (León, Simmonds, & Roman, 2012). For example, the Public Administration Reform Plan for 2012–2020 foresaw 70 percent of Lithuania’s public administration institutions to have implemented quality management models. Accordingly, financial resources were allocated for their implementation, most of which comprised the EU structural funds resources.
First and foremost, Lithuanian public sector organizations chose to implement management innovations models that may contribute to the improvement of public service or performance quality (e.g., ISO, Common Assessment Framework (CAF), European Foundation for Quality Management Excellence Model (EFQM), and Balanced Scorecard). According to the Ministry of Interior of the Republic of Lithuania, in 2015, out of 117 central and municipal government organizations, 59 had implemented ISO 9000, 12 project management, 7 balanced scorecard, and 5 lean system. The data show that the Ministry of Interior, the principal institution responsible for implementing the public sector modernization policy in Lithuania, has invested most effort and resources into the popularization and implementation of ISO 9000 and Common Assessment Framework. Project management and process improvement models (e.g., Lean, Six Sigma) have been largely ignored.

For this study’s purposes, a survey of Lithuanian public sector organizations was conducted to assess the current situation using an innovative management model (ISO 9000, Lean, Common Assessment Framework, Six Sigma, Project Management, etc.) in this sector. Of the 2,000 organizations provided, 215 participated in the survey. The respondents included senior management or staff responsible for quality implementation projects.

According to survey results, 76 percent of the respondents could not say anything about the quality of the model(s) implemented in their organization, 82 percent of organizations did not assess the gains of the model(s), which leads to a conclusion that methods were implemented in an ad hoc manner. Besides, 71 percent of respondents indicated that had visited other public sector organizations who had implemented management innovation models. In comparison, only 31 percent had visited leading private sector organizations with successfully functioning innovation models, and only 36 percent were acquainted with management models applied abroad. Managers of public sector organizations primarily seek new knowledge amongst their counterparts, i.e., analogous public sector organizations in Lithuania, which points to their limited exploration of management practices and ideas. Therefore, based on the literature analysis and the above empirical evidence, a model is proposed that aims to explain how new ideas and management practices are accepted in Lithuanian public sector organizations.

2. CONCEPTUAL MODEL AND PROPOSITIONS

Figure 1 shows the conceptual model of travel of management ideas in the post-socialist CEE countries, and further, the authors elaborate on it by offering a set of propositions.

2.1. Absorptive capacity for modern management ideas

By its nature, the travel of modern management ideas across countries is a learning process (Czarniawska-Joerges & Sevón, 2005). However, learning and making sense of a management idea, let alone having the capacity to put it into practice, is much more complex, difficult, and time-consuming. One characteristic feature of learning a management idea is that it presents a type of knowledge, which some authors refer to as collective knowledge, social knowledge. To some extent, encultured knowledge (Spender, 1996), which is, on the one hand, a system of explicit knowledge such as principles, tools, templates, and, on the other hand, is experiential in that only through continuous trial and error the explicit and implicit parts of knowledge come together in a seamless flow of organizational activities. Thus, the best way to understand a modern management idea is to experience it over a relatively significant period, while the best way to implement a management idea is by drawing support from highly experienced experts. Thus, underestimating complexities and difficulties of this transfer in internalizing a management idea often leads to failure. That is why it is necessary to refer to the theory of absorptive capacity to solve the problem of travel of management ideas in the countries (Cohen & Levinthal, 2000), which deals with complex knowledge, such as R&D related knowledge. In fact, management ideas are related to R&D. It is just that the management idea knowledge rests within the realm of social science research and education.
From the national-level and travel of idea perspective, absorptive capacity is a country’s ability to identify, assimilate, transform, and use external modern management knowledge, research, and practice. In other words, absorptive capacity is a measure of the rate at which a single country, its specific industry or sector can learn and use scientific, technological, or other knowledge that exists outside the country itself. It is a measure of a country’s ability to learn, provided that it has the motivation and interest in learning. Thus, a country’s absorptive capacity can help explain differences among countries benefiting from externally acquired knowledge and, ultimately, economic development. At the same time, the country’s absorptive capacity is a human-related phenomenon. Therefore, a country’s ability to learn depends on key actor groups’ learning abilities, such as political elites, public administration elites, academic elites, boundary spanners, and consultants.

The key challenge for post-socialist countries (especially their political and public administration management elites) ingrained with the Soviet type of management education is absorbing external management knowledge developed primarily in Western democracies and market economies. The real danger is that the political and public administration elite do not know what they do not know and have no internal prerequisite knowledge and experience to absorb knowledge more effectively.

2.2. Predisposition towards modern management ideas

In some countries, innovative management ideas are seen as an important vehicle for advancing organizational goals. Many public sector organizations in the advanced economies constantly upgrade their management methods, at the very least, by adopting the so-called “best practices”. Other public sector organizations strive to go beyond best practices and engage in experimentation to develop management principles as management innovations (Birkinshaw, Hamel, & Mol, 2008).

Although modern management methods are generally viewed very positively, there are extensive socio-cultural environments where management ideas and methods are either ignored or viewed negatively for various reasons. Post-socialist CEE countries make such a cultural, social space, where modern management methods are treated with great caution, especially in the public sector.

The socialist past has made a strong impact in shaping negative attitudes towards systematic modern management methods. Some managers even argue for a need for clear systematic management principles and have no intention to adhere to them. Among the likely reasons for such a negative attitude, the following wide-spread beliefs about modern management methods were mentioned:

![Diagram](http://dx.doi.org/10.21511/ppm.18(3).2020.32)
They are nothing more than a declaration; they set barriers and restrict human creativity and improvisation; they do not work in the post-socialist context (the Not Invented Here syndrome; they are an instrument to gain more control over managers and employees; they are just a way to cut down costs and downsize; they are a theory, i.e., something very different from reality, and are thus not useful.

In his seminal contribution, North (1993) explained why some countries tend to develop faster and reach higher economic development levels. His main observation is that the higher gap between formal and informal institutions in a country, the less development may be expected. This, first of all, refers to the difference between what formal institutions, such as laws, say, and how well they are reflected in informal settings. It should be assumed that the same logic applies to modern management ideas. It is common to hear comments like this: "No one is working by these management principles anyway. Why do we need management methodologies if they do not work. It is a waste of resources, and implementation would simply annoy employees". Such comments pertain to the exact point North was referring to and that echoing it in different contexts, in that as much as we as human beings do not like rules, as much as we have been disappointed with them, the way forward is to have public sector organizations, which are organized to deliver public services efficiently. In light of the above discussion, put forward the following conclusions can be drawn:

The more negative the predisposition of public sector leaders and elites in post-socialist countries to modern systematic management, the lower their exploration orientation (intensity).

The more negative predisposition of public sector leaders and elites in post-socialist countries to modern systematic management, the more critical is their response to encountered new management ideas.

2.3. Demand for modern management ideas in the public sector in post-socialist countries

Demand for modern management ideas in the public sector requires at least four important elements. Firstly, it requires awareness of modern management methods, which largely rests on education. However, it is difficult to expect awareness when both business and academic communities are not very well aware, or even, if aware, tend to deploy modern management methods to a very limited extent. The second element relates to one’s prior positive experience of working with modern management methods. However, post-socialist organizations are not competing on management ideas, and universities could be generally managed more efficiently. A third element is legitimacy, i.e., public sector leaders respond only to organizations and individual experts, whom they consider legitimate and when there is media involvement, which of course, brings implications for reputational consequences. Finally, when all these important elements are in place, then somebody or a specific institution must have the courage to raise questions that are not seen as critical by key interest groups in society. Thus, the following conclusions can be drawn:

The lower the societal demand for modern systems management among the post-socialist countries’ general public, the lower is the exploration orientation (intensity) of the public sector leaders.

The lower the societal demand for modern systems management among the general public of post-socialist countries, the more critical/negative is public sector leaders’ response to encountered new management ideas.

2.4. Exploration for management idea orientation

In his seminal contribution, March (1991) proposed that for organizations to survive and develop under conditions of increasing environmental pressures, they need to have two critical capabilities and deploy them to two vital organizational activities. The first capability is exploitation, which refers to exploiting existing knowledge, which an organization already possesses. This capability helps maximize efficiency. The second capability is exploration, which is responsible for the proactive search for new ideas, which eventually could be exploited. March (1991) has called for a balance and trade-off between these two activities. Research in the public sector has employed the concepts of ex-
ploration and exploitation and their derivative ambidexterity, which can simultaneously exploit and explore (Boukamel & Emery, 2017).

Across both sectors, private and public, organizations tend to focus on exploitation rather than exploration. The literature review suggests that the developed countries’ public sector is largely and overly exploitation-oriented (Boukamel & Emery, 2017). However, found not a single study that would explicitly focus and report findings of exploration activities by public sector institutions in post-socialist Europe.

In the authors’ view, there are several major reasons which inhibit exploration. The first is that the Soviet system was very hierarchical. Most exploration and innovating were done by central government agencies, while employee exploration was suppressed and not viewed very well by management. Secondly, exploration is limited as management ideas were not seen use in the Soviet times; thus, they are not something worthy of exploring, unlike, for example, new technologies or new raw materials. Thirdly, based on personal experience, new planning, and management during the Soviet period, failed much. Occasionally plans were delivered on targets and goals were realistic; however, resources were often insufficient, so the idea of management was compromised. What helped managers and employees survive were their personal experience and social relations; thus, post-Soviet societies place a much higher value on personal work experience in the field or sector, such as management ideas developed and successfully deployed in other more distant contexts.

2.5. Response to management ideas

From prior research, especially in specific post-socialist countries, know that the awareness of modern management ideas amongst public sector management is very limited. Even state institutions responsible for public sector improvement policies and funding schemes acknowledge that they lack expertise in this field. The concept of response to management ideas refers to situations where public sector leaders and experts, who have limited knowledge and do not explore management ideas, encounter management ideas that are new to them and new to their organizations and do not know how to respond to them. Its particularistic approach often characterizes management in post-socialist counties as opposed to the universalistic paradigm. The common rationale for an immediate negative response is three-fold. First, quite often, the response is defensive in that public sector leaders tell a narrative of their experiences, which they claim is the same or very similar to what encountered management idea is about. Second, a negative response rests on the “not invented here” concept, as it is believed that it does not work either in the public sector, or in their country, or both. The third negative response rests on the “maturity level” thesis, which claims that organizations are not mature enough to embrace such a management idea; thus, its implementation would be very difficult or even impossible. The research focusing on international management reports some types of negative responses, which are also quite common to the public sector.

CONCLUSION

The major contribution of this paper is that in contrast to other researchers, who have focused on the efficiency, applicability, and effectiveness of tools and instruments applied in public sector reforms, this paper first and foremost sought to identify how management models travel in the form of ideas to a country and to what extent they are adopted in the country of the final destination, as travel embraces both origin and destination.

The literature review and survey of the public sector managers showed that their exploration of management ideas is very limited. This has led to a presumption that management ideas encounter failure in the post-implementation stage in post-socialist countries. In other words, there is a big gap between effort and financial resources allocated for management idea implementation and its outcomes. To put it in more picturesque words, upon arrival to the final destination, management ideas jostle
in a crowd unaware of what to do or where to go next. Having deconstructed the final destination of management idea travel, a model was proposed, including elements of the internal and external control environment.

The model outlines key barriers to adopting modern management ideas in the public sector, which is as follows: low absorptive capacity for management ideas; predisposition to management ideas; and low demand in society for management ideas. Secondly, conclusions are given on the barriers that influence the selection and adoption of management ideas.

**AUTHOR CONTRIBUTIONS**

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