

# Adoptive Management Innovation

Haifen Lin

# Adoptive Management Innovation

 Springer

Haifen Lin  
Faculty of Management and Economics  
Dalian University of Technology  
Dalian  
China

ISBN 978-981-10-7711-1                      ISBN 978-981-10-7712-8 (eBook)  
<https://doi.org/10.1007/978-981-10-7712-8>

Library of Congress Control Number: 2018933501

© Springer Nature Singapore Pte Ltd. 2018

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Printed on acid-free paper

This Springer imprint is published by the registered company Springer Nature Singapore Pte Ltd. part of Springer Nature  
The registered company address is: 152 Beach Road, #21-01/04 Gateway East, Singapore 189721, Singapore

# Preface

As competition intensifies and globalization accelerates, innovation has been considered as a main source of competitive advantage and economic growth. Although there are abundant academic research and writings on innovation, most focus on technological innovation and its potential for producing explicit and significant benefits. This was until Stata argued that the bottleneck of many U.S. companies was management innovation, rather than technological innovation. Management innovation is particularly prerequisites and facilitates efficient use of technical products and process innovations, thus improving organizational performance through productivity, lead times, quality, and flexibility. Hence, it has become one of the most important and sustainable sources of competitive advantage. Henceforward, management innovation has attracted extensive attention to realize its critical contributions to long-term success of firms.

Literatures present that there are two types of management innovation: one refers to a practice or a structure, which is new to the state of the art without known precedent and named as generating innovation; and the other one refers to something that is novel to the firm and is adopted from another context, which is named as adoptive management innovation. Though the former enables production of more new knowledge, the latter has been more popular among firms in China and perhaps around the whole world. It is because the basic purpose of management innovation is to utilize organizational resources more efficiently and further their goals with little intention to pursue differentiation and without any protection from the patent. In addition, the introduction and implementation of management innovation that is novel to the organization is also of high uncertainty. The success of new practices may rely on their adaptation to their idiosyncratic context within the organization where they are adopted, which indicates a high value in focusing on this body of innovations.

Though researchers have paid much attention to why management innovation matters, what antecedents may affect innovations, how new management ideas or methods are delivered, and what conditions give rise to the emergence and diffusion of management innovation. Surprisingly, seldom research has gone into exploring how more popular adoptive management innovation occurs, how managers in a

firm make the decision of adopting new practices, why management innovation so often fails to yield intended results, or how management innovation affects organizations. Considering the importance and popularity of adoptive management innovation in China and perhaps around the world, this research attempts to focus on the process, adoption decision, driver, and effects of adoptive management innovation, aiming to address literature gaps and offer implications for managerial practice, by focusing on five issues about adoptive management innovation.

First, what is the process through which adoptive management innovation occurs? Based on the conception of what makes adoptive management innovation unique, this book attempts to investigate the case of the Organizational Efficiency Management of Jiangxi Mobile in China to identify key activities of adoptive management innovation and develop a two-interlinked-subprocess framework of adoption decision and implementation, aiming to offer suggestions for firms in adopting new management practices. The results indicate that adoption of existing management practices or methods from somewhere else is a complex and logical process rather than a simple one of knowledge transferring. It needs to integrate existing practices into new organizational context and establish their innovative value during implementation. One core element of this process framework is the emphasis on activities of problem diagnoses and realization of the fitness between management practices adopted and the new organizational context, and another one is the sequence of activities in the whole process.

Second, how do core managers of a firm make the decision of adopting new management practices to improving its efficiency? Based on exploration on the decision process of adoptive management innovation and responsibility of managers in each stage, this research further extracts three major activities of managers in the process of adoption decision, referring to innovation intention, knowledge acquirement, and risk perception, and then establishes a three-dimensional decision framework made up by paths from entrepreneurial orientation to innovation intention, social network to knowledge acquirement, and cognitive biases to risk perception by further combining with relevant literatures and decision practices. Data on 237 managers from different firms were collected to examine the model by adopting the method of structural equation modeling, with the purpose of showing affecting paths and internal mechanism of complex decision-making. The results indicate that innovation intention, knowledge acquirement, and risk perception directly affect management innovation decision level; innovation intention, knowledge acquirement, and risk perception are influenced by entrepreneurial orientation, social network, and cognitive biases of managers, respectively; besides the three relevantly independent affecting paths, interrelations also exist across paths; the three main factors may produce both direct and indirect effects.

Third, how could management innovation be implemented deeply at the most microlevel of organizations, namely organizational routines? By adopting a longitudinal interpretive and exploratory case study on the case of Day-Definite (DD) innovation which successfully brought Arima World Group Company Limited (HOAU) into a new value-added arena, in terms of timing, security, and high service quality, this research attempts to explore the complex implementation mechanism of

management innovation. Multiple approaches were utilized during data collection to meet criteria for trustworthiness, including semi-structured interviews, archival data, and observation; and the data analysis went through a five-step process. The results confirm management innovation a complex project concerning organizational routines which represent a central and fundamental element of organizations. Also, it finds that organizational routines evolve in innovation implementation through a three-phase process consisting of the existing-routine-domination phase, the new-routine-creation phase, and the new-routine-solidification phase, each exhibiting different innovation activities and characteristics of participants' cognition and behaviors; recreation of new routines is the key for routine evolution, thus for success of management innovation.

Fourth, how could adoptive management innovation be internally driven by dynamic capabilities? Besides external pressure, leadership behaviors, and interaction between context and search, management innovation relies on the whole organizational system with valuable, rare, inimitable, and non-substitutable resources and especially capabilities of integrating, reconfiguring, gaining, and releasing resources. Before examining the effects of dynamic capability, a measuring scale for adoptive management innovation was set up by adopting a process-oriented method rather than a result-oriented one, which may further research on adoptive management innovation and offer valuable insights for measuring generating innovation and other complicated organization behaviors. PLS-SEM was adopted to examine both the structural model reflecting the relationships between four components of dynamic capabilities and four phases of adoptive management innovation (which was reset up by holding an organizational perspective in Chap. 5) and the measurement model reflecting indicators of each construct. The result reveals that each component affects each phase with a unique path, and relational capabilities based on relationships with firms and individuals serves as a fundamental role, which reflects the culture in China where affection rooting in relationships determines acquisition of resources and even survival and development of organizations.

Fifth, how could intangible (adoptive) management innovation with ambiguous outcomes affect organizations? Considering that management innovation is typically tacit in nature and full of uncertainty and ambiguity, this research argues that it may contribute to organizations by directly serving tangible product innovation, especially complex products with a separate brand. A general framework that explicated support and promotion mechanism of management innovation to the process of complex product innovation was set up through a longitudinal interpretive and exploratory case study on Lexus of Toyota Motor. The results indicate that both explicit management innovations (i.e., observable management practices) and implicit management innovations (i.e., unobservable management concepts) may interdependently coexist in the firm when creating a complex product with a separate brand, and the former may support the process of product innovation through the latter.

Though this research may offer various implications to both theory and managerial practice, it is constrained by four *limitations at least*, which also represent fertile ground for future research in this area. First, the findings of the

two-subprocess framework of adoptive management innovation, the decision-making process, the evolution of organizational routines in innovation implementation, and the effects of management innovation on performance of an organization need to be further confirmed for more organizations. That is, more cases of adoptive management innovation should be adopted and compared to improve these frameworks and further explore into details. Second, the research does not investigate other variables that may affect innovation process, innovation decision, and innovation implementation, such as contextual elements like competitive intensity, internal elements like structure and culture, as well as top management teams. Third, though this research has focused on four components of dynamic capability, there may be some others not mentioned, e.g., seizing capability, adaptive capability, or learning capability. Additionally, the data were collected by questionnaires, so further longitudinal research using observation and interviews could contribute to this area by providing a richer understanding.

In addition, this research does not address other relevant problems, e.g., why some managers pursue innovative opportunities by introducing new management practices while others do not; how dynamic capability affects the process of generating management innovation; how resources of firms which service as the base for dynamic capability affect the formation of dynamic capability and even management innovation; how product innovation affects management innovation in a firm; or how other elements of firms (e.g., competitive intensity, structure, culture, or top management teams) affect the process of management innovation, especially in the context of China. Therefore, future research may be concerned with these issues.

**Keywords:** Adoptive management innovation • Innovation process  
Adoption decision • Innovation implementation • Innovation driver  
Innovation effects

Dalian, China

Haifen Lin

## **Acknowledgements**

The author is supported by the National Natural Science Foundation of China Project (71572025, 71372082, 71632004), Project of key research base for Humanities and social sciences of Ministry of Education (15JJD630004). The author is grateful to Angela Higgins, Jingqin Su, Mengya Chen, and Ren Shang for helping improve this research. The author also appreciates the guidance and support of editors from Springer.



# Contents

<b>1 Introduction</b>	1
1.1 Research Background	1
1.2 Research Contributions	4
1.3 Research Structure	7
1.4 Research Framework	10
References	12
<b>2 Literature Review</b>	15
2.1 Definition of Adoptive Management Innovation	15
2.2 Why Management Innovation Matters	17
2.3 Research Perspectives on Management Innovation	24
2.3.1 Condition Perspective	25
2.3.2 Effectiveness Perspective	26
2.3.3 Diffusion Perspective	28
2.3.4 Process Perspective	29
2.4 Research Issues and Research Methods	31
References	36
<b>3 What Is the Process Through Which Adoptive Management Innovation Occurs?</b>	41
3.1 Introduction	41
3.2 Method	42
3.2.1 The Case Study	42
3.2.2 Data Collection	42
3.2.3 Data Analysis	47
3.3 Findings	48
3.3.1 Adoption Decision	49
3.3.2 Implementation	56
3.4 Discussion	62
3.4.1 The Framework of Adoptive Management Innovation Process	62

- 3.4.2 Implications for Theory . . . . . 68
- 3.4.3 Implications for Practice . . . . . 70
- 3.5 Conclusion . . . . . 71
- References . . . . . 72
- 4 How Do Managers Make the Decision of Adoptinga Management Innovation?** . . . . . 75
  - 4.1 Introduction . . . . . 75
  - 4.2 Adoption Decision Process and the Roles of Managers . . . . . 76
  - 4.3 Three-Dimension Decision Model . . . . . 81
    - 4.3.1 The Dimension of Entrepreneurial Orientation . . . . . 82
    - 4.3.2 The Dimension of Social Network . . . . . 83
    - 4.3.3 The Dimension of Cognitive Biases . . . . . 85
  - 4.4 Method . . . . . 89
    - 4.4.1 Data Collection . . . . . 89
    - 4.4.2 Measures . . . . . 89
    - 4.4.3 Model Approach . . . . . 93
  - 4.5 Analysis . . . . . 93
    - 4.5.1 Model Modification . . . . . 93
    - 4.5.2 Coefficients Estimation . . . . . 94
    - 4.5.3 Effect Analysis . . . . . 94
  - 4.6 Discussion . . . . . 94
  - 4.7 Conclusion . . . . . 99
  - References . . . . . 99
- 5 How Should Firms Deeply Implement Adoptive Management Innovation?** . . . . . 103
  - 5.1 Introduction . . . . . 103
  - 5.2 Organizational Routine and Innovation . . . . . 105
    - 5.2.1 Organizational Routine . . . . . 105
    - 5.2.2 Organizational Routine and Innovation . . . . . 107
    - 5.2.3 Components of Organizational Routines . . . . . 109
  - 5.3 Method . . . . . 110
    - 5.3.1 The Case Study . . . . . 110
    - 5.3.2 The Case Subject . . . . . 111
    - 5.3.3 Data Collection . . . . . 114
    - 5.3.4 Data Analysis and Coding . . . . . 117
  - 5.4 Case Analysis: Evolution of Organizational Routines in Innovation Implementation . . . . . 118
    - 5.4.1 The Existing-Organizational-Routine-Domination Phase . . . . . 118
    - 5.4.2 The New-Routine-Creation Phase . . . . . 122
    - 5.4.3 The New-Routine-Solidification Phase . . . . . 126

5.5	Discussion . . . . .	129
5.5.1	The Framework of Routine Evolution in Innovation Implementation . . . . .	129
5.5.2	Implications for Theory . . . . .	131
5.5.3	Implications for Practice . . . . .	133
5.5.4	Limitations and Future Directions . . . . .	134
5.6	Offers a Conclusion . . . . .	135
	References . . . . .	135
<b>6</b>	<b>How Do Dynamic Capabilities Drive Adoptive Management Innovation?</b> . . . . .	<b>141</b>
6.1	Introduction . . . . .	141
6.2	Measurement of Adoptive Management Innovation . . . . .	143
6.3	Dynamic Capabilities and Management Innovation . . . . .	148
6.3.1	The Relationship Between Dynamic Capabilities and Management Innovation . . . . .	148
6.3.2	Components of Dynamic Capabilities . . . . .	150
6.4	Hypotheses . . . . .	152
6.4.1	Sensing Capability and Adoptive Management Innovation . . . . .	152
6.4.2	Absorptive Capacity and Adoptive Management Innovation . . . . .	154
6.4.3	Integrative Capability and Adoptive Management Innovation . . . . .	155
6.4.4	Relational Capability and Adoptive Management Innovation . . . . .	156
6.4.5	The Fundamental Role of Relational Capability . . . . .	158
6.5	Method . . . . .	159
6.5.1	Research Setting and Data Collection . . . . .	159
6.5.2	Measures . . . . .	161
6.5.3	The Measurement Model . . . . .	162
6.6	Analysis and Results . . . . .	163
6.6.1	Assessment of the Measurement Model . . . . .	163
6.6.2	Estimation of the Structural Model . . . . .	166
6.7	Discussion and Implications . . . . .	168
6.7.1	Discussion . . . . .	168
6.7.2	Managerial Implications . . . . .	172
6.8	Conclusion . . . . .	173
	References . . . . .	174

- 7 How Does Management Innovation Affect Performance of an Organization?** . . . . . 179
  - 7.1 Introduction . . . . . 179
  - 7.2 Product Innovation and Management Innovation . . . . . 181
    - 7.2.1 Product Innovation . . . . . 181
    - 7.2.2 The Alignment Theory of Management Innovation and Product Innovation . . . . . 182
  - 7.3 Method . . . . . 184
    - 7.3.1 The Case Study . . . . . 184
    - 7.3.2 The Case Sample . . . . . 184
    - 7.3.3 Data Collection . . . . . 186
    - 7.3.4 Data Analysis and Coding . . . . . 188
  - 7.4 Findings . . . . . 190
    - 7.4.1 Business Reform Institution, Brand Strategy Innovation and Product Innovation . . . . . 190
    - 7.4.2 Lexus Center, Design and Development Conception Innovation and Product Innovation . . . . . 192
    - 7.4.3 Lexus Manufacturing Center, Production Philosophy Innovation and Product Innovation . . . . . 195
    - 7.4.4 Lexus Sales Department, Marketing Strategy Innovation and Product Innovation . . . . . 196
    - 7.4.5 Lexus Councils, Communication Mechanism Innovation and Product Innovation . . . . . 199
  - 7.5 Discussion . . . . . 200
    - 7.5.1 The Framework of Management Innovation’s Support to the Process of Product Innovation . . . . . 200
    - 7.5.2 Implications for Theory . . . . . 202
    - 7.5.3 Implications for Practice . . . . . 204
  - 7.6 Conclusion . . . . . 205
  - References . . . . . 205
- 8 Conclusion** . . . . . 209
  - 8.1 Findings . . . . . 209
  - 8.2 Implications for Theory . . . . . 211
  - 8.3 Applications for Practice . . . . . 215
  - 8.4 Limitations and Future Directions . . . . . 217
  - References . . . . . 218
- Appendix A: Questionnaire for Adoption Decision of Management Innovation** . . . . . 221
- Appendix B: Questionnaire for Effects of Dynamic Capabilities** . . . . . 227

## About the Author

**Haifen Lin** is an Associate Professor of Strategic Management at the Faculty of Management and Economics, Dalian University of Technology. She received her Ph.D. from Dalian University of Technology. Her research focuses on management innovation and organizational routines.