

Why do management innovations fail?

The impact of management frame on innovation implementation process

[Takuma Kimura]

Abstract—Organization theorists and researchers have assumed that management innovation is one of the sustainable sources of competitive advantage. In addition, previous studies have emphasized the significance of an implementation climate and an innovation-values fit that are suitable for effective innovation implementation. This study analyzes a case of human resource management (HRM) innovation in a Japanese firm. The findings suggest that targeted users' HRM frames, which have been developed based on their experiences of previous and current HRM practices, influence their sensemaking of the new practice, and thus affect HRM innovation implementation. Moreover, the findings indicate that congruence between the HRM frames of innovators and targeted users is important for effective implementation of HRM innovations. These findings could also be applied to management innovation in general.

Keywords—management innovation, HRM innovation, innovation-values fit, HRM frame, talent management

I. Introduction

Recent management studies are paying increasing attention to management innovation, which is crucial for the effective functioning of technological innovation and is one of the sustainable sources of competitive advantage (Mol & Birkinshaw, 2006). A prominent model of innovation implementation regards a climate for implementation and an innovation-values fit as key factors in effective implementation (Klein & Sorra, 1999).

In their empirical study of human resource management (HRM) innovation, Bondarouk et al. (2009) pointed out the importance of congruence in HRM frames. However, to date, no studies have integrated Klein and Sorra's model and the construct of HRM frames to examine HRM innovation. Therefore, this study attempts to expand Klein and Sorra's model by considering the construct of HRM frames in analyzing a case of HRM innovation.

II. Literature Review and Research Question

Management innovation refers to non-technological forms of innovation including alterations in the way in which the work of management is performed (Volberda et al. 2013).

There are two perspectives in the management innovation literature. Some researchers regard management innovation as "new to the state of the art" (e.g., Birkinshaw et al. 2008), while others see it as "new to the organization" (e.g., McCabe, 2002; Zbarack, 1998). The present study relies on the latter perspective in analyzing a case of HRM innovation.

In this regard, HRM innovation is defined as "any program, policy, or practice designed to influence employee attitudes and behavior that is perceived to be new by members" (Kossek, 1987: 72). Since most innovation in HRM is a form of non-technological innovation, we can classify most HRM innovation as management innovation.

Effective implementation is a key to the success of management innovation. According to Klein and Sorra (1996), innovation implementation effectiveness is a function of the "implementation climate" and the "innovation-values fit." The implementation climate refers to "targeted employees' shared summary perceptions of the extent to which their use of a specific innovation is rewarded, supported, and expected within their organization" (Klein & Sorra, 1996: 1060). The innovation-values fit is "the extent to which targeted users perceive that use of the innovation will foster (or, conversely, inhibit) the fulfillment of their values" (Klein & Sorra, 1996: 1063).

When the innovation-values fit is high and the organization's implementation climate is strong, targeted users are enthusiastic about the innovation and skilled, consistent, and committed in their innovation use. Conversely, when the innovation-values fit is low and the organization's implementation climate is strong, targeted users are more likely to resist the innovation.

In developing the innovation-values fit, targeted users assess the objective characteristics of an innovation and its socially constructed meaning to judge the fit of the innovation with their values (Klein & Sorra, 1996). In this process, targeted users' HRM frames can affect their sensemaking of the innovation.

An HRM frame is "a subset of cognitive frames that people use to understand HRM in organisations" (Bondarouk et al. 2009: 475). The innovation-values fit reflects the schema-driven perceptions of the targeted users, and thus does not necessarily represent a proper understanding of the new practice. Therefore, even if the targeted users' innovation-values fit is high, HRM innovation implementation will fail when incongruence between the HRM frames of the innovators and the targeted users (external incongruence) impedes the development of a shared understanding of the innovation. Thus, it is suggested that although Bondarouk et al. (2009) argued that internal congruence of HRM frames (i.e., similarities between HRM frames among innovators) is more important than external congruence, in the case of

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innovation that requires the active and coordinated participation of multiple organizational members (Klein & Sorra, 1996), external congruence is crucial for achieving effective innovation.

Accordingly, to implement HRM innovation effectively, innovators not only need to achieve a high level of innovation - values fit but must also enhance the targeted users' understanding of the new practice by paying attention to external congruence in HRM frames. That is, HRM innovation involves difficulties that go beyond those originally assumed in Klein and Sorra's model.

However, limited studies have explored the difficulties innovators face in the adoption and implementation of HRM innovation, especially under the challenging condition of external incongruence in HRM frames and a low level of innovation-values fit. Therefore, using a case study involving one firm's HRM innovation, the present study addresses the following research question.

Research Question: In an HRM innovation where the innovators make efforts to enhance the innovation-values fit, how does external incongruence in HRM frames affect the adoption and implementation of the innovation?

III. Research Method

A. Research Site

This study analyzes an HRM innovation in a Japanese firm involving the adoption and implementation of talent management (TM). To ensure the anonymity of the firm studied, "CMK" is used as a pseudonym for the firm's identity. CMK is a major firm that produces and sells consumer products and has more than 10,000 employees, both within and outside Japan. In accordance with a request from CMK management, no further details can be provided regarding their corporate profile.

CMK uses traditional Japanese HRM systems that contrast with the TM process. More specifically, while the former emphasizes internal development, a capability-based grade system, a seniority-based system, long-term employment, and slow promotion (Keys & Miller, 1984; Oh, 1976; Pudenko & Harzing, 2007), the latter is characterized by an emphasis on workforce differentiation and the attraction, selection, and retention of talent, both within and outside the organization (Swales, 2013; Thunnissen et al., 2013). As a result of the contrasting nature of CMK's HRM and TM, the HRM innovation in CMK seems to have commenced under disadvantageous conditions.

B. Data Collection

To maintain the anonymity of CMK, the year in which they began to consider the adoption of the TM process is represented by "N," rather than the actual year (i.e., 20XX). Data for this study were collected from year N + 2 to year N + 4. Data collection relied mainly on interviews with the manager and members of a project team established for the

purpose of designing and implementing TM (hereafter referred to as the "TM project team").

In addition to the interviews, data were collected in a variety of ways to enhance the richness and validity of the data. After CMK introduced the TM process (Year N+2), two informal one-hour meetings were held with the TM project team manager and a TM project team staff member, in which CMK's policy/plan regarding the TM strategy was discussed. After the launch of the TM process, a two-hour workshop was held in which the TM project team members presented the outline CMK's talent management (Year N+2).

Moreover, in Year N+3, the author participated in a three-hour human resources (HR) meeting in which CMK's career development policy and human resource development (HRD) practices were discussed with the HRD manager, the recruiting manager, an HRD staff member, and a TM project team staff member, and a two-hour HR meeting in which the HRD practices and performance evaluation system were discussed with the HRD manager, the recruiting manager, an HRD staff member, and a TM project team staff member.

Then, two years after the launch of the firm's TM process, the author conducted a two-hour semi-structured interview with the TM project team (Year N+3). In this interview, the author asked about the structure of the HR organization and the TM project team, the content of the TM process, and the sequence of events in the adoption and implementation of TM. Approximately one year later, the author held a two-hour, semi-structured follow-up interview with the TM project team (Year N+4). Here, interviewees were asked about how the TM process had progressed over the previous year.

To confirm the information acquired through direct participation and interviews, the author referred to company documents related to CMK's HRM and TM processes. These documents included CMK's corporate HRM policy, an overview of the TM process for in-house presentation, the HRD policy, the HR department chart, the HRD practical guide, the performance evaluation sheet, and several examples of written talent review sheets and succession planning sheets. Through this data collection process, approximately 130 pages of transcribed notes were compiled.

C. Analysis

The analytical procedure in this study mainly followed the method of qualitative data analysis suggested by Corbin and Strauss (2007) and Miles and Huberman (2013). This method entails continuous comparison of data and the model. However, because the present study is a single-case study, it does not meet some of the requirements of the grounded theory approach (e.g., theoretical sampling and theoretical saturation; Corbin & Strauss, 2007).

First, using the transcribed notes, the author conducted coding as the first-order analysis. Then, the overall process was into five stages; 1) invention, 2) detailed design, 3) backstage negotiations (*nemawashi*), 4) trial implementation, and 5) formal implementation.

Next, as the second-order analysis, the behavior of those involved in the adoption and implementation process was coded. This analysis identified the TM project team (innovators) and directors (targeted users) as the main participants in the innovation process.

In the next section, the findings regarding the temporal flow of the stages are described. However, owing to space constraints and the low relevance of the following analysis, the TM design stage has been omitted.

iv. Findings

A. *Invention and Detailed Design*

In year N, CMK's HR director noted that the HR department did not have sufficient information about its employees, and thus HR practices were not strategically implemented. Although CMK regularly conducted job rotations (a typical HR practice in large Japanese firms), they were not based on its corporate strategy but on the immediate (sometimes suboptimal) needs of each unit. Therefore, the HR director decided to introduce TM as a practice that would enable executives, senior managers, and HR to share information about in-house HR across units. The main TM practice that the HR director decided to adopt was a talent review that could help develop a talent pool of future senior managers.

Several years before this decision was made, there was an HR system called the "Personnel Committee," which was used to select and train potential senior managers. However, under this system, each board director selected the successor for his/her department based on subjective criteria. In addition, the selected successors were only required to undertake short-term, off-the-job training. Thus, the HR director organized the TM project team to transform the Personnel Committee into the talent review that could identify talent (based on objective criteria) and develop/deploy that talent in accordance with strategic and long-term objectives.

The TM project team members expected the Personnel Committee to serve as "a bridgehead for talent review." They also assumed that the Personnel Committee would introduce the HRM innovation (i.e., TM adoption) incrementally, thereby diminishing the resistance of the targeted users (board directors) because the talent review process was apparently similar to that of the Personnel Committee.

B. *Backstage negotiations (Nemawashi)*

The TM process in CMK began with a trial talent review of executive director candidates. In this trial, executives were asked to identify their own successors and those of the managers one level below them (i.e., division managers and subsidiary managers), and create development plans for the successors (i.e., succession plans) and talent databases. However, two-thirds of the executive directors were reluctant to engage in such practices. They expressed opposition and raised questions regarding the newly designed criteria for

selecting successors (i.e., a nine-box system that consisted of evaluations of performance and potential).

As stated earlier, the TM project team members expected the Personnel Committee to act as a bridgehead for talent review, but this did not happen. Executives had negatively evaluated the effectiveness of the Personnel Committee as a system for developing successors. Thus, they perceived the talent review process as so-called "old wine in a new bottle."

In addition, unlike the Personnel Committee, the talent review process included calibration meetings that the CEO, executive directors, HR director, and several HR managers were required to attend. The enforcement of the new evaluative criteria and the existence of calibration meetings caused the executive directors to feel that the talent review process would increase their workload without adding value to the organization.

Recognizing the resistance from the executive directors, the TM project team members met with each executive individually to explain the purpose and process of the talent review. Although some executives remained cynical about the talent review process, CMK decided to implement it as scheduled.

C. *Trial Implementation*

The succession plans executives formulated in the trial implementation were much lower in clarity and concreteness than the TM project team had expected. One reason was that the content of the job descriptions was ambiguous. Before the introduction of the TM process, as a means of transitioning from seniority-based HRM to performance-based HRM, CMK began to use job descriptions to clarify the role of each management position. Such job descriptions were drawn up by executives and division managers who were familiar with the work. The HR department adopted this participative style, expecting it to enhance the innovation-values fit. However, the contents of the job descriptions drawn up by the executives and division managers differed considerably from what the HR members had expected.

In their job descriptions, many executives and division managers only provided the minimum requirements for promotion to a position (e.g., years of experience, educational level) because they did not understand the difference between promotion requirements (e.g., minimum requirements in terms of the skills and experience required for a particular position) and job descriptions. Promotion requirements had existed long before the adoption of job descriptions, and were apparently similar to the job descriptions. Thus, their knowledge about promotion requirements led to their misunderstanding of job descriptions.

Having perceived the executives' unwillingness to participate, the TM project team members predicted that asking the executives to repeat the entire process from scratch would cause significant resistance. In addition, some TM project team members expected that direct experience might be the best way for executives to understand the content and meaning of the job descriptions and the TM process. Thus, rather than attempting to improve the quality of the job

descriptions and succession plans, the TM project team implemented the first talent review (the trial review).

In the trial review, the CEO held a meeting in which the participants (i.e., the CEO, executive directors, HR director, and HR staff members) discussed the succession plans. Then, the executives revised the succession plans, after which the CEO held a review meeting using the successor list and succession plans. After the review meeting, the opinions of the executives regarding the TM process became more positive, and they evaluated the entire process as an effective practice that had enabled them to conduct an objective and multifaceted successor selection process. Therefore, after the trial implementation, the TM process was formally introduced.

D. Formal Implementation

Before the introduction of TM, less than 50% of the personnel changes in the upper echelons of CMK reflected the successor selection choices of the Personnel Committee. After the formal implementation of the TM process, 60% of changes reflected the results of the talent review. This indicates that, although personnel changes in the upper echelons became more strategic and developmental, a significant proportion continued to be decided in other ways.

For example, let us consider a case in which it becomes necessary to immediately assign a talented employee to the position of finance division manager to deal with an urgent issue. In this case, the current financial manager is removed from his/her position, and under CMK's formal HR rules, can be demoted to a lower position. However, as a result of the HR department's "consideration," that person is usually not demoted. Instead, he/she is transferred horizontally to a vacant management position (e.g., in the accounting division) at the same level. Then, even if the successor to the position in the accounting division identified in the talent review is sufficiently qualified for that position, the horizontal transfer of the ex-financial manager is usually prioritized, and the promotion of the successor will occur at a later date.

The purposes of prioritizing horizontal transfers are to maintain the pay level of the ex-financial manager (i.e., avoid a pay cut as a result of demotion) and to enable him/her to "save face" (Goffman, 1955; Ho, 1976). HR managers and staff members were concerned that a demotion would impose losses on the ex-financial manager (e.g., a pay cut or embarrassment) and lead to negative attitudes among other employees, because such heartless treatment of a high-status person was incompatible with CMK's organizational climate. However, this created antipathy among executives, who complained that the HR department's "consideration" would result in the TM process losing its efficacy, and thus the effort that they had invested in the process would be wasted.

E. Summary

In the case of CMK, although the innovators (the TM project team) were officially supported by the CEO, they perceived a low level of innovation-values fit as a result of the considerable differences between the existing HRM system and the TM process. Thus, the innovators believed that

incremental innovation was appropriate, and expected that existing HR practices (which differed in function, but were similar in appearance to some aspects of the new practice) would enable the targeted users to perceive the innovation as incremental.

However, as shown in the example involving the Personnel Committee, the targeted users' negative views for the existing practices led to a negative perception of the new practices (i.e., talent review). This is based on the fact that the targeted users' HRM frames and the apparent similarity between the existing and new practices worked together to distort the users' understanding of the new practices. Moreover, the participative innovation that the innovators adopted to enhance the innovation-values fit actually undermined the effectiveness of the implementation because users' knowledge about the older practice (i.e., promotion requirements) impeded their understanding of the new practice (i.e., job descriptions). This also reflects the fact that the targeted users' HRM frames generated a misunderstanding of the new practice, which was apparently similar to the older one.

Furthermore, avoiding demotion, which was intended to maintain/improve the innovation-values fit, had the opposite effect of increasing the targeted users' antipathy. This finding suggests that, at this stage, innovators incorrectly perceived the level of the innovation-values fit. Given the fact that the targeted users eventually accepted the innovation after the trial period, it is possible that the innovation-values fit was not as low as was first perceived. The initial resistance to HRM innovation in CMK might have been driven not by the low level of the innovation-values fit but by the targeted users' misunderstanding of the new HR practice. The external incongruence between the HRM frames of the innovators and the targeted users might be the cause of such a misunderstanding.

In summary, in the case of CMK, it was external incongruence between HRM frames, rather than a low level of innovation-values fit, that impeded the adoption and implementation of HRM innovation. Moreover, this case shows that innovators' perceptions of a low level of innovation-values fit generated self-restraining behaviors, which in turn undermined effective innovation implementation.

v. Discussion

A. Theoretical and Research Implications

This study contributes to both the theory and the research in several ways. First, it shows that congruence of HRM frames is important in effective innovation implementation. In particular, although Bondarouk et al. (2009) emphasized the importance of internal congruence, the results of the present study suggest that external congruence is crucial in the case of HRM innovations that require the coordinated involvement of multiple organizational members. It is also possible to extend this idea to management innovation in general (i.e., not only in

relation to the congruence of HRM frames but also the congruence of key management practice frames).

Second, the findings of this study expand on Kossek's theory of HRM innovation (Kossek, 1987). Kossek assumed that success or failure in previous attempts affected targeted users' perceptions of new practices, influencing their subsequent efforts in relation to innovation. In addition to this argument, the present study suggests that targeted users' HRM frames that have been developed based on their experiences of previous and current HRM practices influence their sensemaking of the new practice, and thus affect their efforts in relation to HRM innovation implementation.

Third, the results indicate that the innovators themselves can retard the innovation process when they perceive a low level of innovation-values fit, which also suggests that, in an attempt to overcome resistance, the innovators themselves may inadvertently resist the process.

B. Practical Implications

This study has several practical implications. First, innovators need to capture targeted users' HRM frames. To achieve this, it is necessary for innovators to understand how targeted users perceive and evaluate both previous and existing HRM practices and innovations. Such an understanding will enable innovators to predict targeted users' reactions to an innovation and to engage in effective communication during the innovation adoption and implementation process.

Second, innovators need to capture precisely the level of the innovation-values fit, which can fluctuate during the innovation process. Overestimating the level of the innovation-values fit can expose innovators to unexpected resistance, while underestimating it can lead innovators to inadvertently retard the innovation process themselves.

C. Limitations and Future Research Directions

There are two limitations in this study that need to be addressed. First, this study only collected data from innovators. To enhance objectivity, data were obtained from targeted users' reactions as recorded in the minutes of the meetings that were held. Future studies should collect data from innovators as well as targeted users to fully capture targeted users' perceptions, evaluations, and emotions.

Second, although the data obtained in this study have merit, in that they include real-time data derived from a series of direct participations and interventions, the study was based on a single case. Consequently, it was not possible to compare the influence of the implementation climate, the innovation-values fit, and HRM frame congruence on HRM innovations in situations in which these factors differ by degree. Therefore, future studies should engage in multi-site research.

Moreover, future studies should examine the influence of external congruence on other types of management innovations.

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