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The impact of management concepts: a typology

Abstract

Over the course of the last decades numerous management concepts have risen and fallen in popularity. Research has shown that some management concepts are short-lived and have limited impact, while others spread widely and have an enduring and longer-lasting impact. What may explain these differences? This paper outlines a typology for assessing the impact of management concept in a given social context. It is argued that the impact of a management concept varies along two dimensions: the degree of institutionalization denotes the impact across time, while the degree of diffusion denotes impact across space.

Keywords: management concepts, management fashions, impact, time, space.

JEL Classification: M10.

Introduction

Management concepts can be defined as “*prescriptive, more or less coherent views on management*” (Braam, Benders & Heusinkveld, 2007, p. 868). Examples of well-known management concepts include Knowledge Management, Total Quality Management, Lean Production, Business Process Reengineering, Talent Management and The Balanced Scorecard (see e.g. Røvik, 2007; Van Hes & Verweel, 2006). Such management concepts “*play an important role in shaping contemporary organizational processes, structures and organizational behavior*” (Braam et al., 2007, p. 868).

However, some of these concepts play more important roles than others. Previous research has pointed out that different management concepts have impacted business discourse and praxis to varying degrees. Some of these concepts have been relatively short-lived phenomena such as Quality Circles in the late 1970s and early 1980s (cf. Abrahamson, 1996), whereas other concepts seem to be more enduring and longer-lasting. For example, Knowledge Management has been called an ‘enduring management fashion’ having been around for more than 15 years (Grant, 2011; Grant, 2012), and The Balanced Scorecard is still widely used more than 20 years after its introduction (Hoque, 2014; Madsen, 2011, 2012; Rigby & Bilodeau, 2013).

What may explain these differences in the impact of concepts both across time and space? In this paper we outline a typology for assessing the impact of management concept in a given social setting. This paper elaborates on the notion of *impact* in relation to management concepts. In our paper impact is used in the sociological sense of the word, meaning that management concepts are seen as social phenomena that may have differential impact across time and space.

The paper engages with the academic literature on management concepts and management fashions

(e.g. Abrahamson, 1996; Benders & Van Veen, 2001; Collins, 2012; Newell, Robertson & Swan, 2001). The literature on management concepts and fashions has not focused much on the impact of concepts. Many commentators (e.g. Benders & Van Veen, 2001; Clark, 2004a; Heusinkveld, 2004; Nijholt & Benders, 2007; Perkmann & Spicer, 2008; Røvik, 2011) have pointed out that the assumption underlying most of the research on management fashions has been that fashionable concepts are transient phenomena which have little long-term impact on organizational praxis. However, recent research points out that fashionable concepts can persist over time as institutionalized practices (Heusinkveld & Benders, 2012; Perkmann & Spicer, 2008). In this paper we provide an elaboration of the notion of impact, and outline a typology which can be used to evaluate the impact of a management concept in a given social context.

The rest of the paper is structured as follows. In the first section we define and elaborate on the notion of impact. We discuss how impact has both a time and a space dimension, and develop a typology of impact which takes into account these two dimensions. Section 2 includes a discussion of shortcomings and how these can be addressed in future work. The final section concludes the paper.

1. The impact of management concepts: a typology

1.1. Definition of ‘impact’. In this paper impact is used in the sociological sense of the word, meaning that management concepts are seen as social phenomena which may have differential impact across different levels of the social context. This is opposed to a more traditional economic interpretation of the word, where impact refers to the economic effects that a concept may have on, e.g., the performance of organizations. Although the discussion of economic impact is important, and is what some would argue really matters at the end of the day, it is outside the scope of this paper.

1.2. The two dimensions of impact: time and space. The impact of a management is defined as consisting of two dimensions: (1) the degree to which it is prevalent or diffused, and (2) the degree to which it is institutionalized so that it has viability as a long-term practice. From this definition, it can be seen that impact consists of both (1) a time dimension and (2) a space dimension. The time dimension is related to the institutionalization of the concept, whereas the space dimension is related to the degree to which the concept is widely diffused and prevalent.

We argue that it is useful to think about the consequences of fashionable management concept in terms of the impact that it has across time and space. The impact can be seen as a ‘picture’ based on (a)

how widely the concept is used (i.e. the degree of diffusion) and (b) the extent to which the concept is sustained and reproduced in organizational practice through various types of institutional work carried out by the concept’s supporting actors (i.e. the degree of institutionalization).

1.3. A typology of the impact of management concepts. In Figure 1 we develop a typology or classification of the impact of a management concept in a given national market. We explain what drives the two axes in the typology, and the relationship between these mechanisms and processes. After that, we describe the four quadrants and explain under what conditions we can expect to see the different outcomes.

DEGREE OF DIFFUSION	Diffused but not institutionalized Temporary impact ‘transient management fashion’	Diffused and institutionalized Enduring and long-lasting impact ‘enduring management fashion’
	Neither institutionalized nor diffused Limited impact	Institutionalized but not diffused Limited impact in the social context as a whole, but enduring impact in a particular segment
	DEGREE OF INSTITUTIONALIZATION	

Fig. 1. A typology of the impact of management concepts

1.3.1. The degree of diffusion. The vertical axis denotes the degree of diffusion of the concept, ranging from low to high. Basically, diffusion refers to how widely the concept is used in a population of organizations. The primary drivers of diffusion are the supply-side actors (e.g. consultants, management gurus and business school professors) who actively propagate management concepts (Abrahamson, 1996; Clark, 2004b; Jung & Kieser, 2012; Kieser, 1997; Klineciewicz, 2006; Madsen & Slåtten, 2013; Parush, 2008; Scarbrough, 2002). Particularly in the early phase of the concept’s life-cycle, supply-side actors play an important role in dissemination of the concept. Their promotional activities are key to reaching a critical mass of adopters, at which point strong bandwagon effects on the demand-side are also likely to kick in (Benders, 1999). Organizations not only adopt concepts in response to real organizational problems, but monitor and mimic what other organizations in their field are doing (Haunschild & Miner, 1997; Staw & Epstein, 2000; Westphal, Gulati & Shortell, 1997).

1.3.2. Degree of institutionalization. The horizontal axis denotes the degree of institutionalization of the concept, ranging from low to high. Institutionalization refers to the extent to which the concept is taken-for-granted and embedded in organizational

practice so that it is unlikely to be abandoned even under strong pressure (Perkmann & Spicer, 2008). The primary drivers of institutionalization in the context of popular management concepts is the ‘institutional work’ of supply-side actors such as consultants, software firms and professional organizations (Perkmann & Spicer, 2008). The institutional work involves educating potential adopters, bridging the new concept with existing practices, constructing networks and users groups etc. Such institutional work ensures that the concept becomes sustained and reproduced in the field as an enduring practice (Perkmann & Spicer, 2008).

1.4. Outcomes. **1.4.1. Low institutionalization – low diffusion.** A management concept is unlikely to become more than a short-lived phenomenon when it lacks the support of an active supply-side that helps facilitate and drive the diffusion of the concept in the early phase. Since the concept never reaches a critical mass of adopters, the concept is unlikely to get a strong foothold in the market. Furthermore, in this case the concept also lacks the support of supply-side actors who can help entrench and embed the concept in organizational practice. For example, the concept might lack support of actors who are able to bridge the concept with old and existing practices, educate others about the benefits

of using the concept, and construct networks to bring users together (Perkmann & Spicer, 2008). In addition, such institutional work is likely to be particularly difficult to carry out if the concept is incompatible with various aspects of the institutional environment (e.g. local business culture, ideology or traditions).

In sum, due to the lack of an active supporting group of actors promoting the concept, the concept is unlikely to trigger bandwagon effects on the supply-side or demand-side. Hence, the concept will have neither temporarily high impact (i.e. high diffusion) nor a long-term impact as a practice (i.e. high institutionalization).

1.4.2. High institutionalization – low diffusion. In this case the management concept is institutionalized, but not widely diffused. The concept is not widely diffused since there are few supply-side actors promoting and disseminating information about the concept. For example, there may be few consultants promoting their services related to the concept or writing articles in the business press about the concept. In some cases, the concept can be diffused in a particular sector or community, while it is not widely used in national market as a whole. This could be because supply-side actors focus primarily on one sector or community, and help ensure that the concept becomes a permanent part of practice in that particular niche of the market. However, since relatively few organizations are using the concept in the national market, the concept is less likely to gain the attention of the business community and the business press. In sum, there will not be a fashion wave in the national market as a whole, but the concept could have a lasting impact in a particular sector or community.

1.4.3. Low institutionalization – high diffusion. This classification describes the life-cycle of a typical 'management fashion'. The concept has a quick upswing, and a relatively short period of maturity, before it falls out of fashion, leaving few lasting marks on organizational practice. The concept becomes widely diffused but is never institutionalized to a high degree. In this case, organizations have mostly adopted the rhetorical and symbolic aspects of the concept (Benders & Van Bijsterveld, 2000), e.g. the fashionable label, but the underlying ideas are not embedded and entrenched as part of organizational practice. Nor are they accepted and taken-for-granted by organizations and managers to the extent that they are likely to become permanent.

In this case, the concept has the support of fashion-setting supply-side actors who promote and

disseminate the concept in the early phase (e.g. positive books and articles, conference presentations). This leads to widespread diffusion, as organizations are influenced by not only these supply-side actors' promotional activities, but also monitor and imitate what other organizations are doing. However, the supply-side actors might not perform the institutional work and activities necessary to educate others about how to use the concept, and how it relates to existing practices (Perkmann & Spicer, 2008). Moreover, the actors also may fail to create networks and groups of users that can lead to long-term viability and resilience.

The low degree of institutionalization means that the concept is likely to go out of fashion at some point. When the concept goes out of style, it will be relatively easy for organizations to abandon the concept since it has been mostly talk and rhetoric, and the concept has led to few actual changes in organizations. The fewer actual organizational changes brought about by the adoption of the concept, the easier it is for organizations to discard the fashionable concept and reverse the organizational changes made. When organizations change actual work processes or perhaps implement a complex software system to assist in the implementation of the concept, the concept becomes much harder for these organizations to get rid of (Klincewicz, 2006).

In sum, the concept is likely to have a temporarily high impact on the national market as a result of bandwagon effects and inter-organizational mimicry, but will not have an enduring impact due to low levels of institutionalization.

1.4.4. High institutionalization – high diffusion. This describes the situation where a management concept is both widely diffused and institutionalized, and is likely to have a relatively lasting effect on organizational practice and more permanent presence in a given national market. The concept will to a large extent have reached a degree of taken-for-grantedness in organizational practice and the management community. In this case, the concept will have strong support by actors and structures in the local market. These actors continually perform different types of institutional work in order to embed the concept in organizational practices and procedures (Perkmann & Spicer, 2008). Organizations are also more likely to have made substantial changes to organizational practices as a result of adoption which makes the concept more resilient. For example, they may have implemented software solutions or changed organizational procedures.

Strong and continuing institutional support will make the concept somewhat resistant to

deinstitutionalization efforts by possible critics (e.g. actors promoting competing concepts) or news about failures in other organizations that is likely to surface at some point in the concept's life-cycle (Benders & Van Veen, 2001; Heusinkveld, 2004).

In sum, the concept will be prevalent and there may be a fashion wave associated with the concept in the early phase, but the concept will also have an enduring impact over time. The concept is continually reproduced as a practice as a result of the various institutional activities performed by supply-side actors in the arena.

2. Discussion

In this section we discuss the terms diffusion and institutionalization, which are the two central dimensions of the typology. We will look more closely at the theoretical foundation of this typology, as the jury is still out on whether these are tightly coupled or separate dimensions. After that, we discuss the assumption of transience which dominates most traditional theories of management concepts and fashions against the view that fashionable concept can be more 'enduring' and long-lasting.

2.1. Diffusion and institutionalization as closely related processes. The more traditional view is that diffusion and institutionalization are closely related and coupled processes. According to this view, it is assumed that there is not much decoupling between the two processes. Institutionalization of a concept or a practice is seen as an important driver of diffusion (Strang & Meyer, 1993). Conversely, widely used practices (i.e. diffused) are more likely to become institutionalized through use. However, recently other researchers have taken a slightly different view, where diffusion and institutionalization are seen as separate dimensions.

2.2. Diffusion and institutionalization as separate dimensions. According to this alternative view, diffusion and institutionalization are seen as separate dimensions. In a recent article Colyvas and Jonsson (2011) argue that these two terms have been confounded in neo-institutional theory. Based on a review of past work, Colyvas and Jonsson (2011) point out instances where a practice can be widely diffused but not institutionalized, a situation which they label 'ubiquitous but not accepted'. Conversely, 'accepted, but not prevalent' refers to a situation where the practice is institutionalized but not widely diffused. By viewing the processes as separate, it is possible to think of them as the degree of diffusion and the degree of institutionalization.

This is also the view which underlies of the typology presented in this paper. Hence, our typology follows Colyvas and Jonsson (2011) in that the impact of management concepts is shaped both the degree of diffusion and the degree of institutionalization. These different outcomes would be unlikely if diffusion and institutionalization processes were very tightly coupled. If that was the case, we would tend to observe that low levels of diffusion would be accompanied by low levels of institutionalization, or high diffusion by high institutionalization. In a similar vein, Perkmann and Spicer (2008, p. 838) point out that:

"... fashions do also not simply become institutions 'through use' in the sense that the degree of (temporary) uptake by organizations informs the degree of institutionalization of a practice. Rather, the process is accompanied and reinforced through identifiable expenditures of institutional work, underpinned by conscious if partially effective efforts to generate lasting templates for organizational practices."

Perkmann and Spicer (2008) argue that a fashionable concept can be widely diffused, but lack the backing of actors who perform institutional work which can give the concept long-term viability as a practice. In such a case, the popular concept is not likely to acquire a permanent presence, and over time the degree of diffusion is likely to decrease. Thus, it can be seen that these authors theorize about the impact over time. The diffusion dimension of the typology presented in this paper thus focuses more on the spatial impact of the concept, whereas the institutionalization dimension focuses on the duration of the impact.

We argue that it is probably the case that high diffusion makes it more likely that the practice will be institutionalized, since many institutional actors find it more attractive to perform different types of activities in order to anchor a (temporarily) popular practice in the social system, via the development of standard-setting organizations, accreditations and various types of complementary products and services. For example, it makes sense for consultants to 'hitch-hike' on popular and established concepts (Benders, van den Berg & van Bijsterveld, 1998; David & Strang, 2006) or for software firms to develop solutions related to concepts that already have a following in the market (Klincewicz, 2006). However, as Perkmann and Spicer (2008, p. 838) have pointed out, popularity (i.e. diffusion) alone does not necessarily mean that the concept will become institutionalized.

Hence, we argue that that diffusion and institutionalization are different, although to some extent related processes. Thus, we can expect to observe that the impact of a concept in a particularly social context will vary along these two dimensions.

2.3. Management concepts as temporary or enduring phenomena. Our typology also builds on the assumption that management concept can be institutionalized to a high degree. This stands in contrast to the traditional view in theories of management fashions. The notion of ‘transience’ dominates most of the early conceptualizations of the management fashion process (e.g. Abrahamson, 1996; Gill & Whittle, 1993). For example, Abrahamson’s account assumes that there is a constant cycle where fashionable concepts are introduced by fashion-setters but rather quickly fall out of favor and are replaced by new fashionable concepts. Abrahamson’s theory is, however, relatively silent on the circumstances in which fashionable concepts can acquire a more permanent character in organizational practice (Perkmann & Spicer, 2008). However, more recently researchers have pointed out that fashion to a certain degree can be institutionalized and have more longevity.

Researchers conceptualizing the entrenchment and institutionalization of popular concepts (e.g. Heusinkveld, 2004; Heusinkveld & Benders, 2012; Perkmann & Spicer, 2008; Røvik, 1996, 2011; Zeitz, McAulay, & Mittal, 1999) argue that under certain conditions concepts may leave traces and become sedimented in organizations. This means that the underlying content may be absorbed by organizations and not discarded even though the rhetoric and enthusiasm in the business discourse wanes. Hence, fashionable concepts can under circumstances become institutionalized, or at least achieve a (semi-weak) form of institutionalization, which means that they have more staying power and long-term viability.

Conclusion

Summary. In this paper we outline a typology for assessing the impact of management concept in a

given social setting. We argue that the impact of a management concept varies along two dimensions. The degree of institutionalization denotes the impact across time, while the degree diffusion denotes impact across space. The jury is still out the relationship between these two dimensions, and to what extent they are related. The more traditional view is that these terms are tightly coupled, while recent research views these terms as more separate and independent. Our typology rests on the assumptions of the latter view. Our main argument is that for a management concept can be widely diffused and become a ‘management fashion’, but in order for the impact to become enduring and longer-lasting, the support of institutional actors is needed to embed the concept in organizational practice.

Shortcomings and future research. Our paper naturally has certain shortcomings. As pointed out in the discussion, whether diffusion and institutionalization are independent or related processes is still up for debate. However, the main purpose of our paper is to contribute to the discussion about the impact of management, and to outline a typology which can be used in future research about the impact of management concepts in different contexts. Future research should try to address these fundamental issues in neo-institutional organization theory (cf. Colyvas & Jonsson, 2011) which have implications for our understanding of the impact of fashionable management concepts.

Another limitation of the paper is that we have mostly discussed impact in the sociological sense of the word. We have not explored the economic impact of management concepts, as it was deemed outside of the scope of the paper. However, future research should also look into the economic impact of management concepts and fashions. After all, the economic impact of management concepts and fashions ultimately matters for practitioners at the end of the day. For example, in what ways is the sociological and economic impact of a management concept related?

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