

THE ROLE OF MANAGEMENT INNOVATIONS IN BUSINESS COMPETITIVENESS

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ABSTRACT	KEYWORDS
<p>This article explores the role of management innovation in enhancing business competitiveness, using examples from Cisco and Orange. Kids Gymnastics demonstrates how corporate innovation programs and digital automation in small businesses contribute to increased efficiency and sustainability. A model for the evolution of management innovation from large corporations to SMEs is formulated.</p>	<p>Management innovation, business competitiveness, digital transformation, corporate innovation, small and medium-sized businesses (SME).</p>

Introduction

The scientific novelty of this article lies in identifying universal mechanisms of management innovation based on a comparative analysis of the practices of large corporations and small businesses, as well as in developing an evolutionary model of their impact on corporate competitiveness. The proposed model takes into account differences in resource base, organizational structure, and the pace of management change, allowing us to explain the variability in the effects of management innovation depending on business scale. Unlike existing studies, which focus primarily on specific types of organizations, this article integrates corporate and SME contexts into a single analytical framework, expanding our theoretical understanding of the role of management innovation as a sustainable source of competitive advantage.

In the context of rapid digital transformation, traditional sources of competitive advantage—cost, access to resources, and technological superiority—are becoming less sustainable. Management innovations are becoming increasingly important: new leadership methods, organizational structures, processes, and practices that change the way a company operates. These include both deep transformations (restructuring management systems) and local changes: the introduction of agile methodologies, process automation, and the development of an entrepreneurial culture within the organization.

Research demonstrates that management innovation has a significant impact on business performance: it improves adaptability, decision-making speed, employee engagement, and the ability to commercialize technological developments [1]. Meta-analytical reviews confirm a robust positive relationship between management innovation and increased competitiveness in both corporate and small business sectors [2].

Moreover, innovation implementation mechanisms vary significantly by business scale. Global corporations are developing centralized innovation management systems: internal accelerators, intrapreneurship support programs, and platforms for selecting and scaling ideas [3]. Small and medium-sized businesses, with fewer resources, are actively using available digital tools, CRM systems, integration services, and artificial intelligence-based solutions, which enable them to improve operational efficiency and customer focus.

Thus, management innovation is a key driver of sustainable competitive advantage, and its evolution demonstrates a shift from centralized corporate systems to flexible digital practices of SMEs, opening up new trajectories for business growth and scaling. The aim of the article is to analyze the role of management innovations in shaping business competitiveness and to identify the features of their implementation in corporations and small businesses.

Theoretical foundations of management innovations. Management innovation conceptualized Hamel and Birkinshaw define it as the introduction of a new practice, process, structure, or technology into an organization designed to improve its operational and strategic performance [4]. Hamel emphasizes the key role of these innovations, noting that they provide a long-term strategic effect that is more important than the direct impact of technology, since it is directly related to the organization's ability to adapt and create value. In the context of the international Oslo standard Manual, management innovation is equated with organizational innovation, that is, new approaches to organizing business processes, workplaces and interaction with the external environment [5].

Scientists point to different mechanisms of influence between the two types of innovation:

Table 1 – Comparison of managerial and technological innovations

Characteristic	Technological innovations	Management innovations
Focus	Products, technologies	Methods of organizing activities
Source of advantage	Quality, functionality	Speed of adaptation, flexibility
Scalability	Requires capital resources	Possible with low investment
Sustainability of the effect	Can be copied	Difficult to imitate

Thus, management innovations form the basis for the successful commercialization of technological solutions.

A review of research identifies four critical factors necessary for the successful implementation of management innovations:

1. Culture of experimentation and internal entrepreneurship (Intrapreneurship). The need to stimulate employee behavior focused on finding new solutions and taking risks [6].
2. Organizational learning and knowledge sharing . The importance of rapid and effective exchange of experience and knowledge between structural divisions [7].
3. Transformational leadership. Leaders must support bottom-up initiatives and actively eliminate bureaucratic obstacles [8].
4. Data-Driven Management. Decision making should be based on data and digital analytics [9].

Due to the intangible nature of management innovations, their measurement is difficult. The OECD recommends using a set of indirect indicators rather than direct financial metrics:

- changes in business processes;
- intensity of implementation of practices;
- speed of response to changes;
- staff involvement.

Empirical evidence confirms that improvements in these indicators are positively correlated with key business outcomes: revenue growth, profitability, customer retention, and overall organizational agility [2].

According to the resource-based theory of the firm, a long-term competitive advantage must meet the VRIN criteria (valuable, rare, difficult to imitate, and irreplaceable) [10]. Management innovations ideally meet these requirements. Unlike technology, culture, unique processes, and management practices are deeply integrated into the specific context of an organization. This makes them extremely difficult for competitors to replicate, providing a sustainable source of strategic superiority.

A comparison of corporations and SMEs in the context of management innovation. The historical trajectory of management innovation demonstrates a shift from centralized, formal systems in large corporations to flexible, digital, and decentralized models characteristic of small and medium-sized businesses [11].

Large companies are using their resources to institutionalize the innovation process. They are creating corporate innovation units, internal accelerators, and intrapreneurship programs. For example, the Innovate program Everywhere Cisco's Challenge, which allows employees to develop ideas as internal startups by providing them with a budget and mentoring support [3].

Key features of innovation at the corporate level are centralized governance models, formalized KPIs (key performance indicators) for innovation, a systemic culture of experimentation, and long-term investments in structural changes.

Small businesses, despite less formalization and greater risk, benefit from rapid implementation. They rely on accessible digital solutions, CRM, low-code integrations, and AI tools that enable process automation without large-scale capital investments. For example, Orange Kids Gymnastics uses AI in marketing to predict customer retention, CRM to personalize communications, and Zapier automation to reduce administrative burdens. Research confirms that digitalization of processes provides SMEs with significant increases in operational efficiency and customer satisfaction [12].

Table 2 - Evolution of management innovations: corporations vs. SMEs

Parameter	Global corporations	Small business (SME)
The main driver of innovation	Institutional programs, strategy	Flexibility, a necessity for survival
Organization of the process	Centralized innovation structures	Decentralized, entrepreneurial
Tools	Idea platforms, corporate accelerators, KPIs	CRM, AI, automation (Zapier), Lean methods
Rate of change	Medium/low (bureaucracy)	High (minimum approvals)
Nature of implementation	Transformational initiatives	Incremental improvements
Resource base	High	Limited
Difficulty of imitation	Very high (culture + processes)	Average

The evolution of management innovation reflects a shift from structural, programmatic innovation to dynamic, digital, and process-based improvements. Thus:

- corporations - leaders in institutional innovations (structures, culture, management);
- SMEs are leaders in adaptive innovation (speed, customization , customer experience).

The modern economy requires a combined model, where large businesses learn speed and flexibility from small ones, and small businesses learn method and systemic approach from large ones.

Cases of implementation of management innovations. Cisco demonstrates a systematic approach to the implementation of management innovations at the corporate level, relying on structured mechanisms: employee engagement programs (Innovate Everywhere Challenge), internal accelerators for piloting ideas, as well as corporate platforms for selecting and scaling successful solutions. Innovate Program Everywhere Challenge has become a benchmark model for intrapreneurship. Employees form teams, receive targeted funding and mentoring support, and then present their innovative solutions to management. The most successful ideas are either transformed into full-fledged business products or integrated into the company's operational processes.

This approach delivers tangible results for the company: increased organizational agility, faster time-to-market for new products, a stronger innovation culture , and increased retention. Consequently, management innovation at Cisco is institutionalized and structured. It is aimed not at localized improvements, but at the long-term transformation of the entire organization.

Unlike corporations, small businesses innovate in a targeted manner, focusing on customer needs and operational efficiency. Orange is an example. Kids Gymnastics can be distinguished as follows:

Table 3 - Digital management innovations in small businesses: functions and results

Innovation	Management function	Expected results
AI	Marketing Personalization and Churn Prediction	Increased customer retention
CRM system	Data centralization, automation of communications	Increasing LTV and loyalty
Zapier / no-code integrations	Reducing routine tasks and eliminating input errors	Reduce costs, speed up request processing

These solutions are consistent with research recommendations on SME digitalization: the use of accessible, flexible technologies leads to increased productivity and service quality, even with limited resources. Empirical studies in SMEs show that automation reduces administrative costs by an average of 20–45%, while CRM increases customer retention by 10–30% [12]. Thus, even small innovative changes in management produce rapid and tangible economic benefits.

Table 4 - Comparative characteristics of management innovations in a large corporation and small business

Component	Cisco	Orange Kids Gymnastics
The scale of changes	Transformational	Incremental
The nature of the processes	Formalized, programmatic	Flexible, adaptive
Driver of Innovation	Corporate strategy	Customer requests and efficiency
Resources	Tall	Limited
Key result	Organizational sustainability	Increased speed and quality of service

Thus, both cases demonstrate that management innovations are a universal mechanism for competitive development, but the implementation route is determined by the context and size of the company.

Mechanisms of Management Innovation Impact on Competitiveness. Management innovations shape competitive advantages through a complex set of interconnected mechanisms that influence both an organization's internal processes and its market positioning. According to scientific research, the key mechanisms are:

1. Increased organizational flexibility and adaptability. Innovative management practices enable a company to quickly respond to changes in the external environment and reduce the inertia of internal processes.
2. Increased operational efficiency. Automation and optimization of business processes reduce transaction costs and increase productivity.
3. Developing an innovative culture and employee engagement. Intrapreneurship mechanisms enhance motivation, talent retention, and the speed of generating new ideas.
4. Improving the customer experience. Personalization and digital interfaces increase customer satisfaction, leading to increased retention and LTV.
5. Creating sustainable sources of differentiation. A unique organizational model is created that is difficult for competitors to replicate, becoming a long-term competitive advantage.

Thus, management innovations are a key integrative resource, transforming both the internal efficiency and market attractiveness of a business. Their impact is multiplicative: improvements in management strengthen a company's ability to implement technological innovations, creating a self-sustaining cycle of competitive growth.

Recommendations for the implementation of management innovations. Successful implementation of management innovations requires alignment of strategic goals with available resources. Based on case studies (Cisco , Orange Kids Gymnastics) and research, we can highlight the following recommendations:

For large corporations. Corporations should focus on institutionalizing innovation:

1. Creating intrapreneurship ecosystems. Launching internal accelerators and innovation challenges to systematically engage employees.
2. Systems integration. Formalization of the processes of selecting, piloting, and scaling ideas for their integration into the corporate architecture.
3. Investing in culture. Developing leadership that encourages experimentation and failure through specific motivation and training models.
4. End-to-end digital platforms. Implementation of data-driven systems for data transparency management) and elimination of interfunctional barriers.

For small and medium-sized businesses (SMEs). SMEs must embrace flexibility and speed by leveraging available digital tools:

1. Focus on accessible automation. Leverage CRM, AI for marketing, and no-code / low-code integrations (e.g., Zapier) to achieve rapid operational impact.
2. Customer-centricity . Prioritization of innovative projects that directly impact customer retention and service quality.
3. Measurable transformation. Implement digital solutions with mandatory ROI assessment at every stage (e.g., LTV, request processing speed, staff productivity).

4. Flexible training. Rapidly enhance the team's digital competencies to quickly master new tools and knowledge.

Conclusion

And management innovations must always be contextual. Corporate innovations are structured and scalable transformations. SME innovations are rapid, cost-effective, and digital improvements. Only through such strategic alignment can management innovations become a sustainable source of competitive advantage.

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