

Designing Governance Systems for Management Innovations

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Abstract

Obtaining anticipated benefits from an adopted management innovation depends on attaining a consistency in stakeholders' interpretations of, or notions of, both the objectives being sought from the innovation and the nature of the innovation functionalities being deployed. Deployment governance systems play important roles in attaining a sufficiency in notional consistency by first exposing and then coalescing stakeholders' understandings of the deployed innovation. This paper focuses on the design of governance systems applied in guiding the deployment of an especially demanding management innovation – a shared service center (SSC) being implemented within a multi-organizational context. Specifically, we studied the deployment of a SSC providing data and networking services (with the dual objective of achieving cost-economies and leveraging the provisioned common data and networking services to facilitate interactions among members of the organizations being serviced) within a consortium of twelve work units from two distinct organizations (a university and a federal government agency). Within each of these two organizations, the work units involved with the SSC deployment pursued quite different agenda and exhibited little interaction prior to the formation of the consortium. In such a context, stakeholders' notional consistency would be expected to develop slowly, if at all, due to the differences in unit-level vested interests, cultures, and adoption agendas.

Our initial research intent was to gather data on the nature and evolution of the governance mechanisms used in deploying a SSC within the studied consortium to discover associations between the nature and evolution of specific governance mechanisms and the achieving of the consortium's intended deployment objectives. Collecting three waves of data through surveys, interviews and observations, we found (1) the stakeholders becoming increasingly satisfied with the SSC despite an observed inconsistency in thought regarding the SSC and (2) a lack of progress being made in achieving consortium-wide objectives. In essence, each stakeholder was tailoring his/her work unit's SSC adoption to optimally meet the work unit's specific needs, seemingly ignoring consortium-wide objectives. As a consequence, we refocused our study to explain *why* the in-place governance system failed to engage stakeholders in achieving the sufficiency in notional consistency that may have yielded behaviors more aligned with the achieving of consortium-wide objectives.

Our analyses suggest that system inadequacies associated with consensus making and unit alignment, in part, contributed to stakeholders' increasing heterogeneity in their views of the innovation and a disregard for consortium-wide benefits but increasing satisfaction with the deployed management innovation. Particularly, the research site failed to apply a deployment

governance system emphasizing the tight intertwining of two critical governance mechanisms: a high-level strategic vision associated with stakeholder consensus making, and tension-inducing decision logics targeted at exposing stakeholders' contradictory thoughts and actions associated with unit aligning. Absent an engaging strategic vision, we observed stakeholders to apply very idiosyncratic interpretations of the deployed SSC. Absent tension-producing mechanisms, we observed stakeholders to act in a self-serving manner that was seemingly 'blind' to consortium-wide SSC objectives.

Our study's contributions lie in the insights gained regarding the importance of achieving notional consistency in deploying a management innovation, and how senior leaders might guide the attaining of a sufficiency in notional consistency through applying deployment governance mechanisms. First, our theoretical arguments and empirical observations point to the importance of senior leaders seeding the deployment effort with an initiating strategic vision of the deployed management innovation that engages stakeholders in evolving the strategic vision such that a sufficient homogeneity in stakeholder interpretations results. Second, our findings likewise corroborate the desirability of applying governance mechanisms that expose, both within and across stakeholders, the existence of the contradictory decision logics underlying unit-level innovation-related decision making. Finally, we argue that these two governance mechanisms must be designed to work together – that is, the tension-inducing decision logics affect and are affected by the strategic vision.

Keywords: management innovation, shared service center, innovation deployment, governance, sensemaking, consensus making, unit aligning, action research