MANAGEMENT PRACTICES

"The World Management Survey has permitted a quantum leap in the comparative quantitative analysis of management practices and their implications for productivity and innovation." *(Cirera and Maloney, 2017)*

IFC International Finance Corporation WORLD BANK GROUP

Creating Markets, Creating Opportunities

What is management?

Firm-level practices related to the systematic collection and use of data through:

Monitoring

Goal setting

Incentives
(hiring, firing, pay, and promotions)

The idea is not new, but measurement is...

Management had long been recognized as a key driver of productivity and growth, since Adam Smith's pin factory and Walker (1887). In the last two decades, there has been a resurgence driven by recent data availability and rigorous measurement approaches.

Why is it important?

01

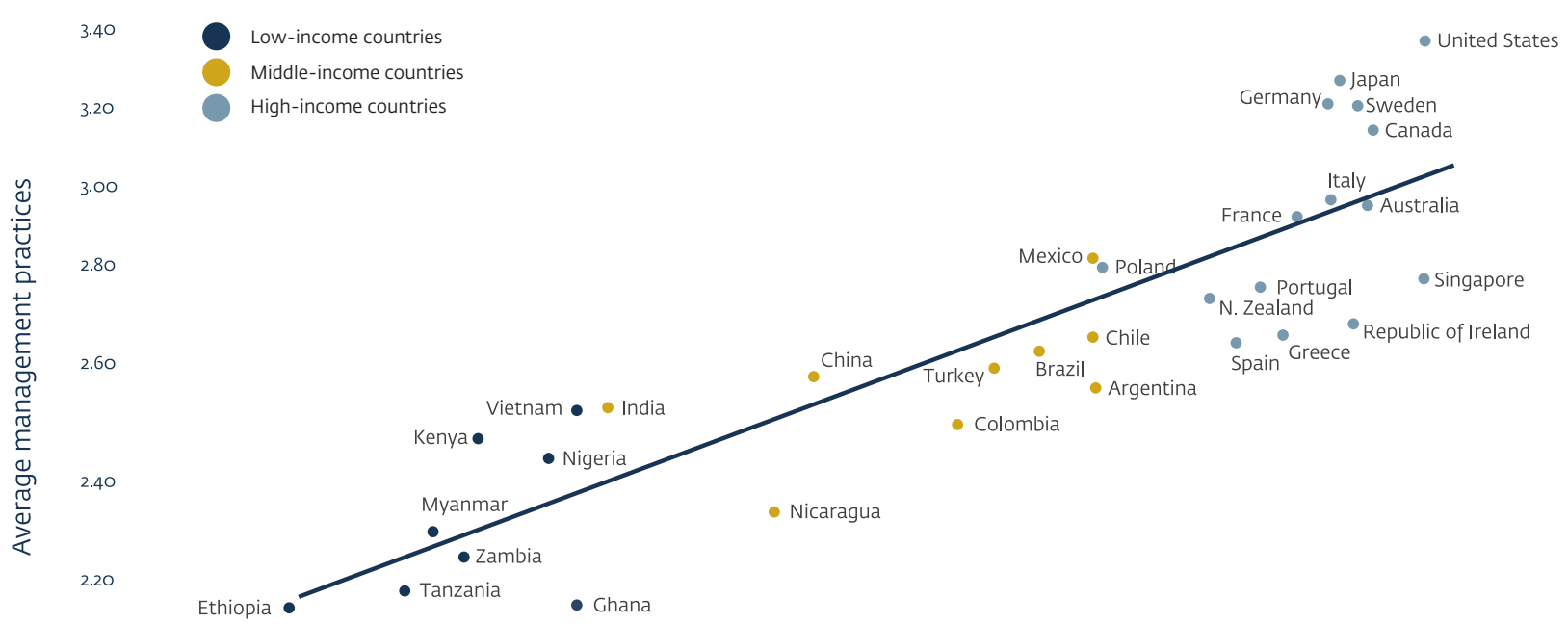
Explains more than 1/3 of cross-country differences in income per capita

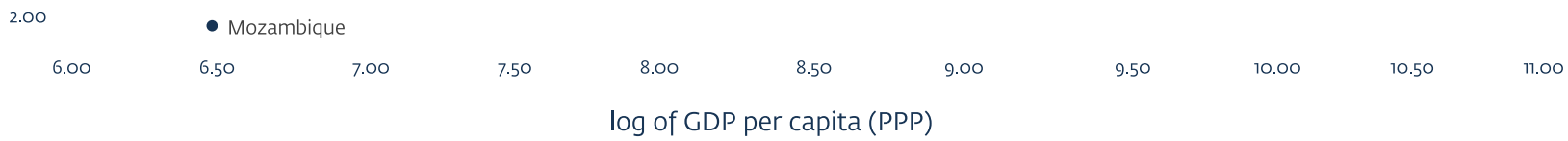
02

Better-managed firms have higher productivity, profitability, output growth, exports, R&D, and patents

03

Management is also positively correlated with work-life balance, energy efficiency, and within-firm wage inequality.





Notes:
The y-axis is the country average management score from the World Management Survey (2004–14), where 1 is the lowest and 5 is the highest score.
The x-axis is the log of the 2003–13 average GDP per capita based on PPP from the IMF World Economic Outlook tables. Source: Scur et al. (2021).

World Management Survey (WMS)

18 years

>20,000 interviews

35 countries

Sectors:

01 **Manufacturing**

02 **Hospitals**

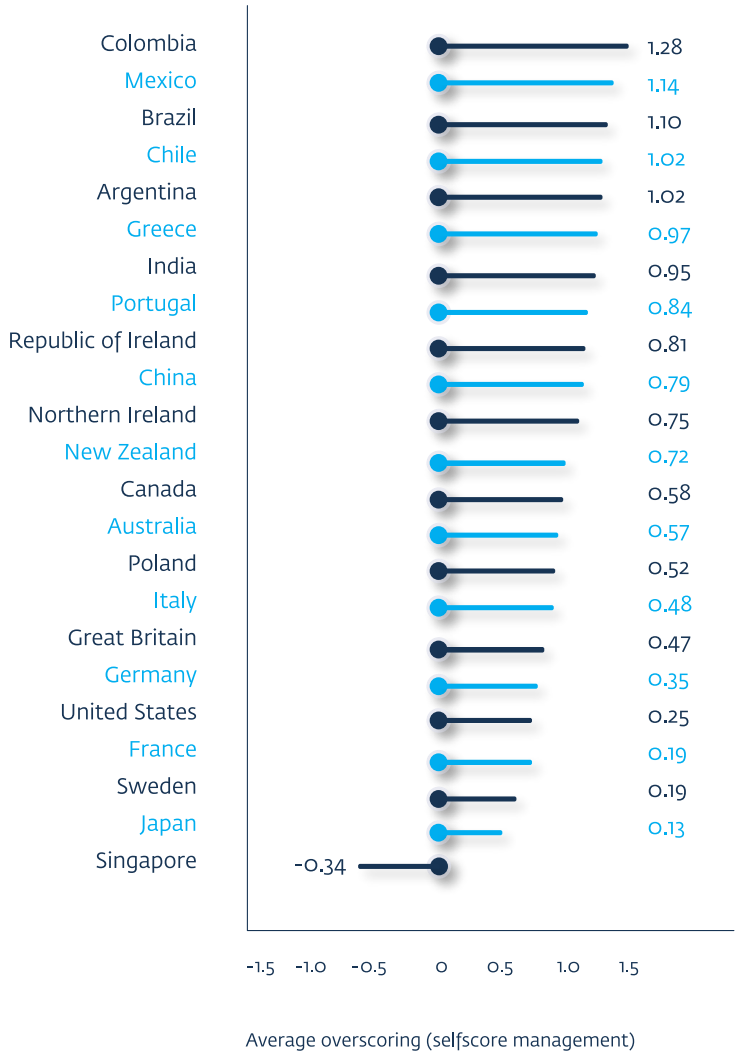
03 **Retail Stores**

04 **Schools**

Based on what management consultants and industry experts identify as core factors for the efficient provision of a good or service.

Management and Organizational Practices Survey (MOPS)

Started with a partnership between WMS and the U.S. Census Bureau as a module of the Annual Survey of Manufacturers. Includes 16 closed questions, which makes it scalable and lower cost.Implemented in more than 16 countries:



Management is like a technology

with informational, incentive, and behavioral barriers to adoption

Firms are unaware of how good or bad their management practices are.

Management can be significantly improved

Large textile firms **(300 employees+)** experiment in India.

- Diagnostic **+ ≈ 800 hours** of intervention
- Monthly consulting (2008-2010)
- On average, firms that received the management intervention

50%
defects

20%
inventory

10%
output

Several years later, the effects last...

- ≈ 50% of the practices still in use
- spread across other (untreated) plants within the same firm, but not across firms.

Management can be improved in cost-effective ways

- SMEs in Colombia (mean of 59 employees).
- Compares group vs. individual training.
  - Group-based delivers a similar magnitude improvement in management to the individual approach (8–10 percentage points) at 1/3 the cost.
  - Given the extra sales, the program can pay for itself in 4-14 months.

Drivers of management

More information about management:

https://worldmanagementsurvey.org/

https://managementresearch.com/

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