

# Management Practices in Europe, the US and Emerging Markets

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Lecture 2: May 14<sup>th</sup>, 2009



# REVISION

- Last session we:
  - Looked at why management was important for the wealth of nations
  - Examined the basics of the “double blind” scoring
  - Discussed the scoring of performance management
- Today:
  - We will look at management practices scores across countries
  - Discuss the scoring of talent management

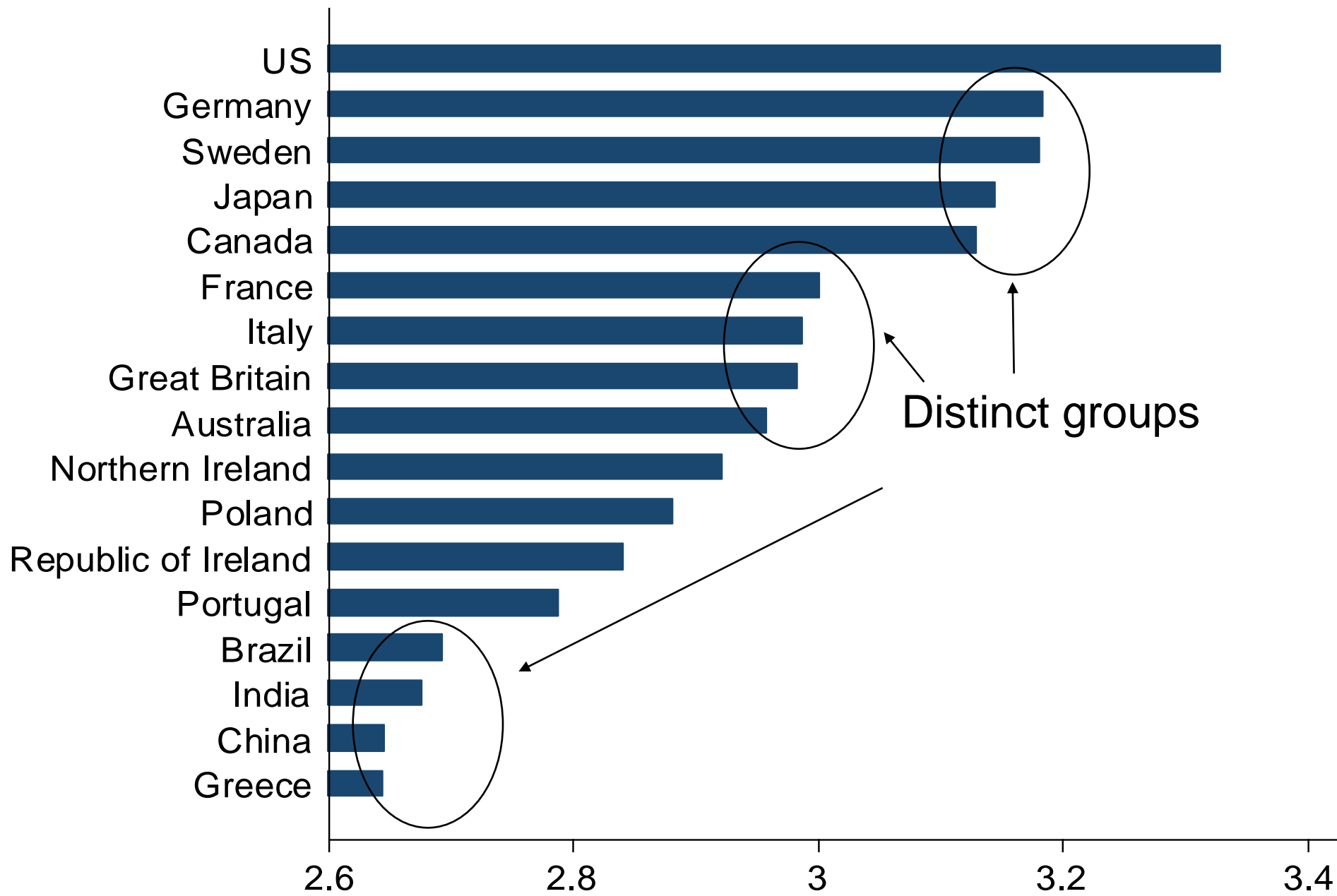


# Management scores across countries

Talent management



# MANAGEMENT PRACTICES ACROSS COUNTRIES?

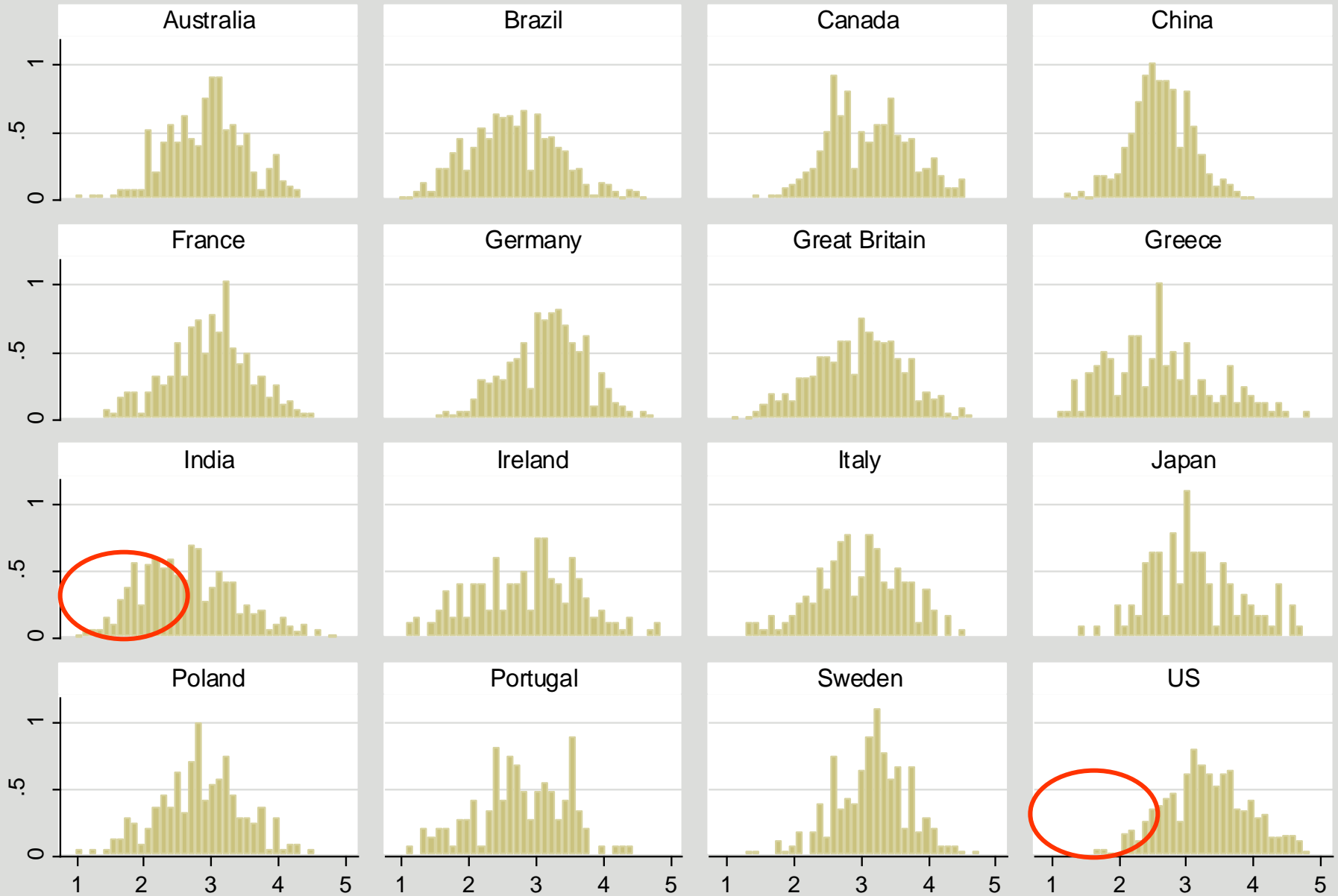


Distinct groups

Average Country Management Score



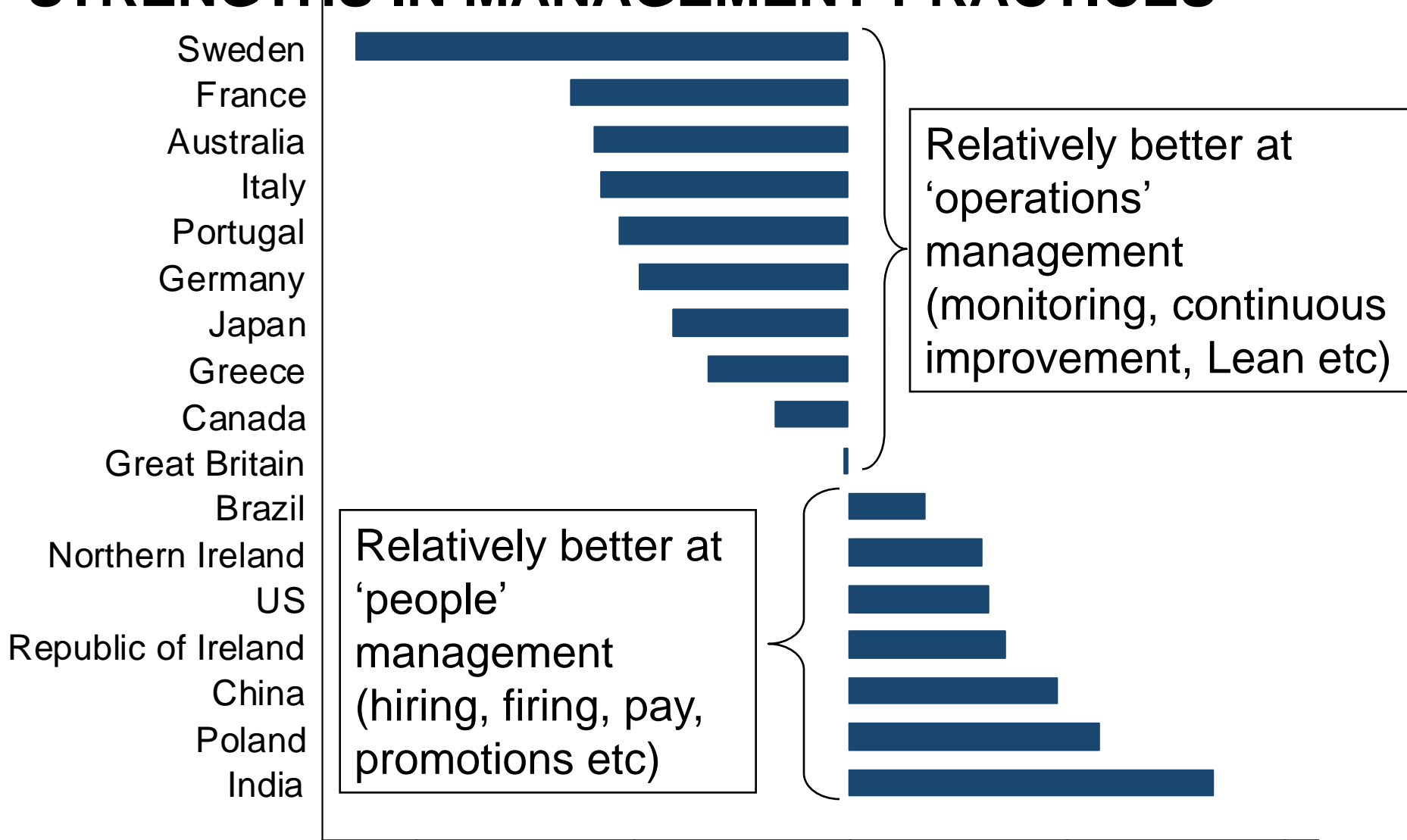
# TAILS DRIVES DIFFERENCES ACROSS COUNTRIES



Firm-Level Management Scores



# COUNTRIES ALSO HAVE DIFFERENT RELATIVE STRENGTHS IN MANAGEMENT PRACTICES



People management (hiring, firing, pay & promotions) – operations (monitoring, continuous improvement and Lean)

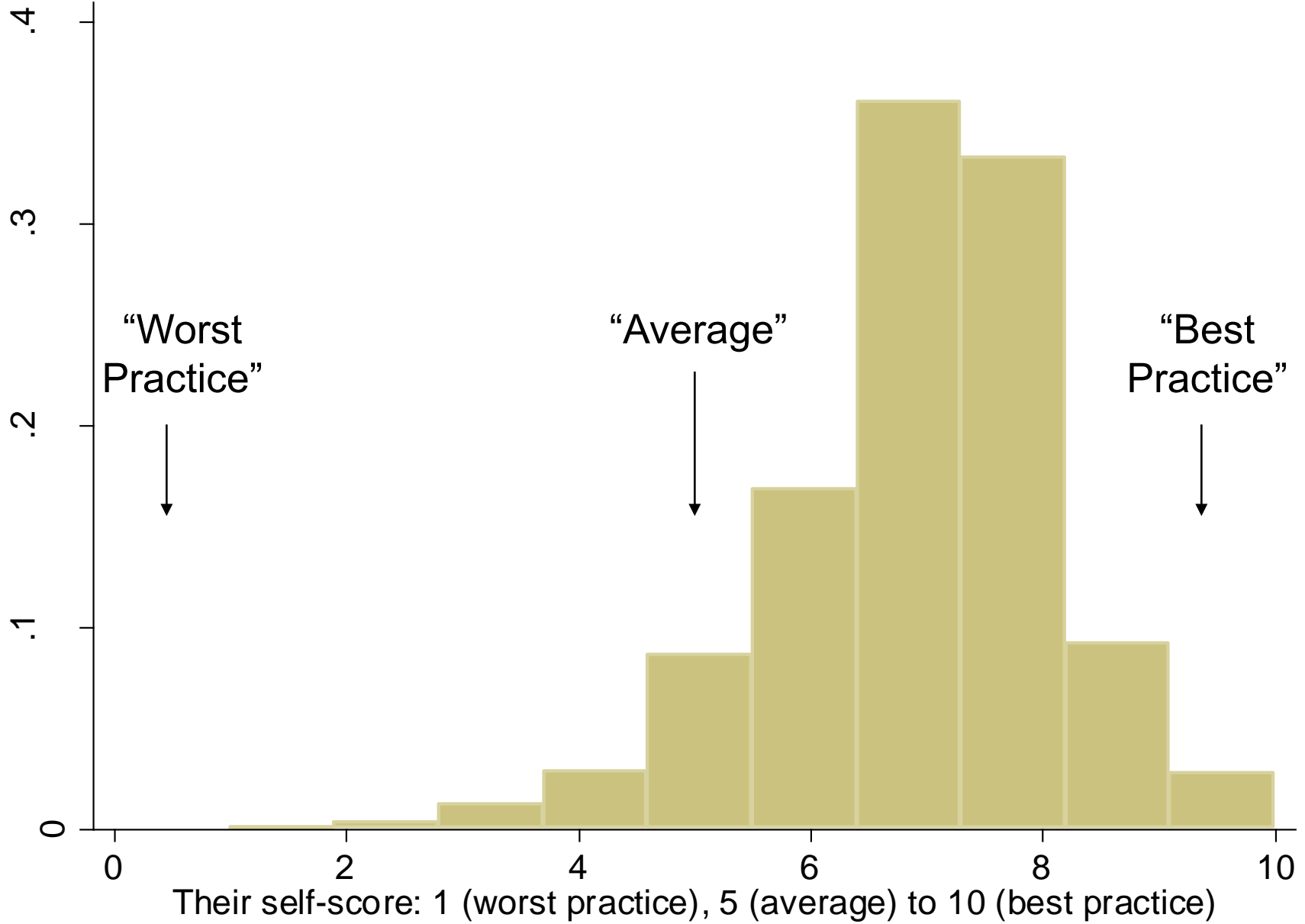
# WE ALSO GOT MANAGERS TO SELFSCORE THEMSELVES AT THE END OF THE INTERVIEW

We asked:

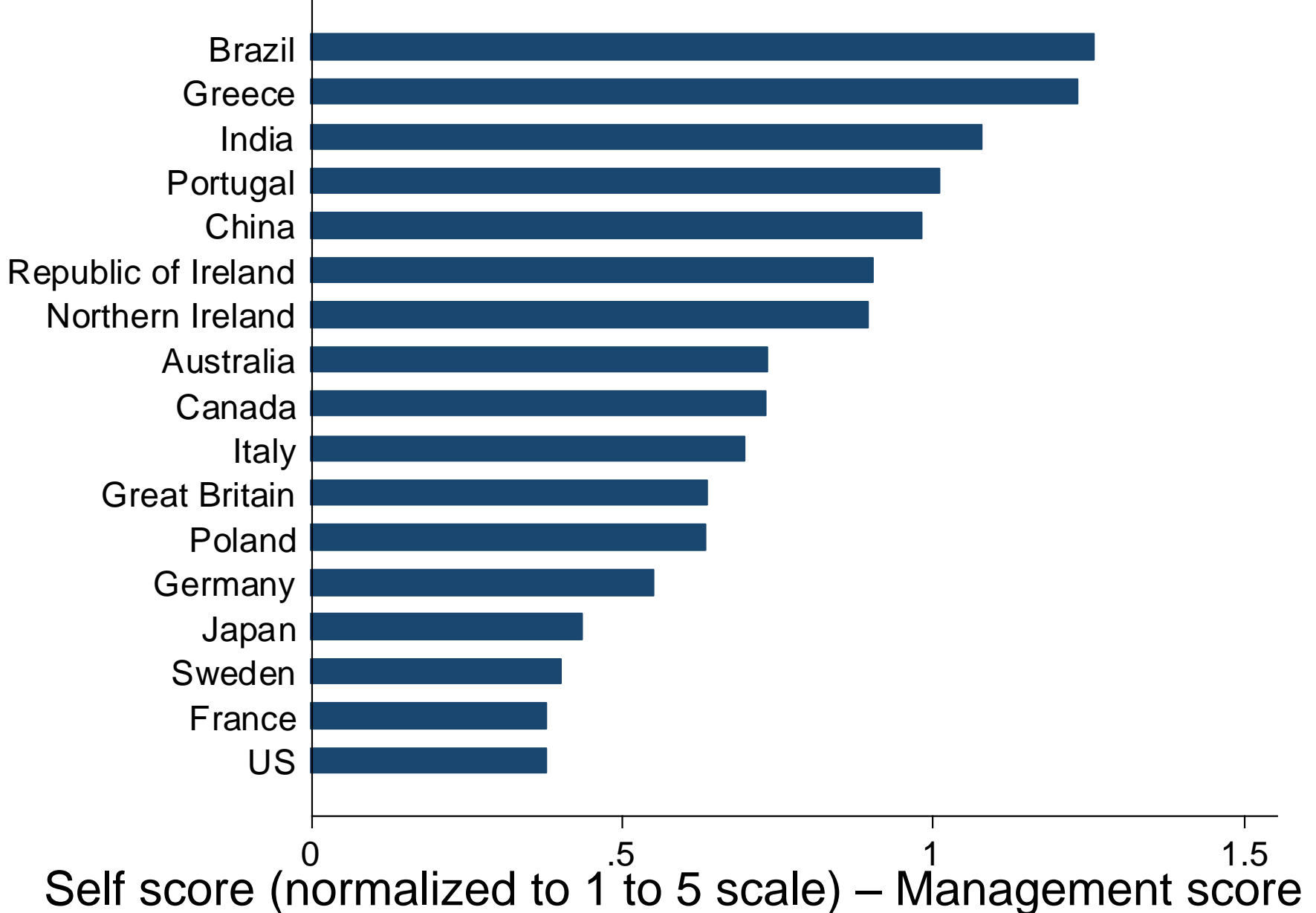
*“Excluding yourself, how well managed would you say your firm is on a scale of 1 to 10, where 1 is worst practice, 5 is average and 10 is best practice”*

We also asked them to give themselves scores on operations and people management separately

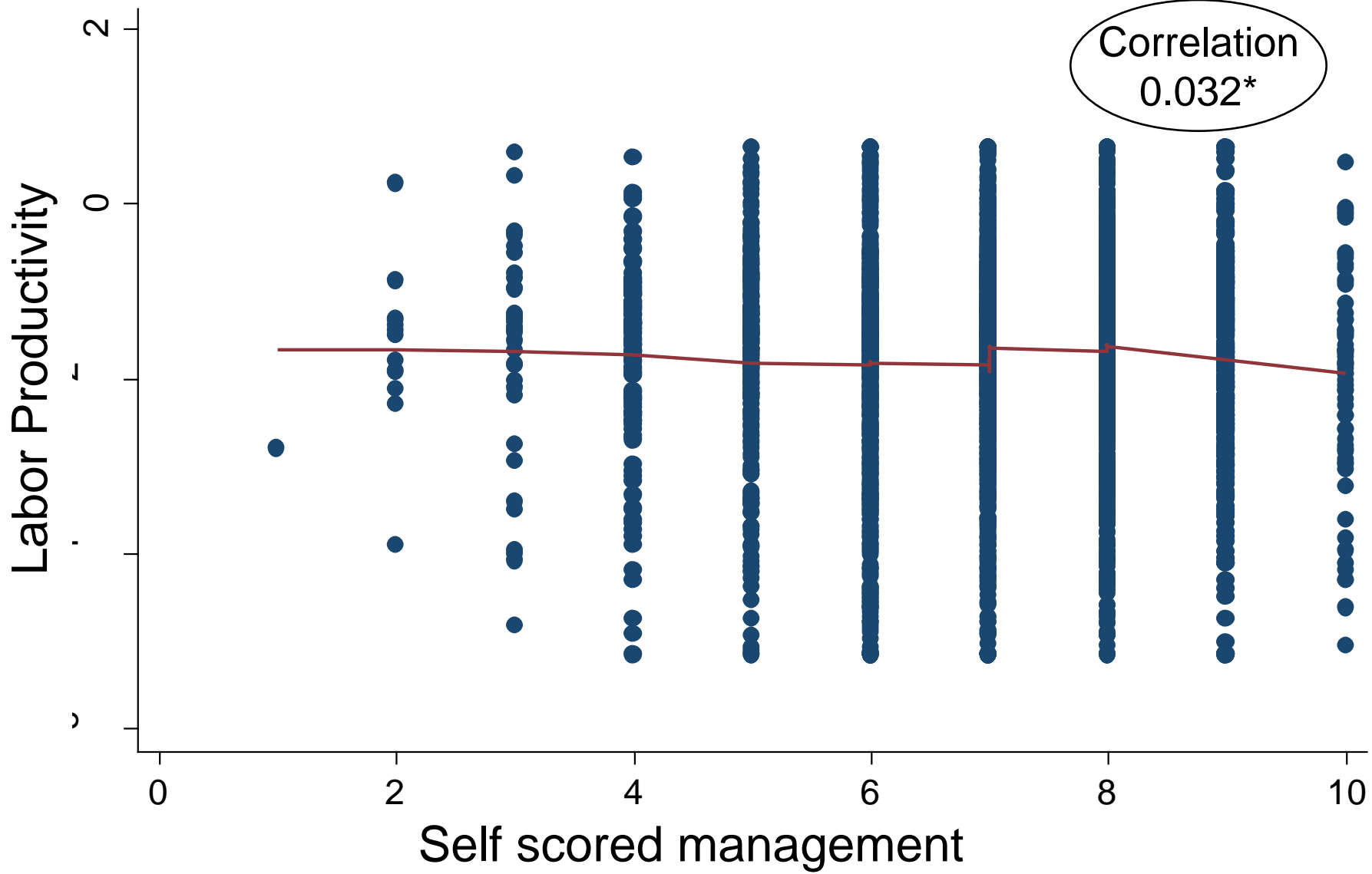
# MANAGERS GENERALLY OVER-SCORED THEIR FIRM'S MANAGEMENT



# THIS BRAZILIANS OVER-SCORED THE MOST AND THE AMERICANS THE LEAST



# SELF-SCORES ARE ALSO UNINFORMATIVE ABOUT FIRM PERFORMANCE



\* In comparison the management score has a 0.295 correlation with labor productivity

# MY FAVOURITE QUOTES:

## The traditional British Chat-Up

[Male manager speaking to an Australian female interviewer]

*Production Manager:* “Your accent is really cute and I love the way you talk. Do you fancy meeting up near the factory?”

*Interviewer* “Sorry, but I’m washing my hair every night for the next month....”

# MY FAVOURITE QUOTES:

## The traditional Indian Chat-Up

*Production Manager:* “Are you a Brahmin?”

*Interviewer* “Yes, why do you ask?”

*Production manager* “And are you married?”

*Interviewer* “No?”

*Production manager* “Excellent, excellent, my son is looking for a bride and I think you could be perfect. I must contact your parents to discuss this”

# MY FAVOURITE QUOTES:

## The bizarre

*Interviewer:* “[long silence].....hello, hello....are you still there....hello”

*Production Manager:* “.....I’m sorry, I just got distracted by a submarine surfacing in front of my window”

## The unbelievable

[Male manager speaking to a female interviewer]

*Production Manager:* “I would like you to call me “Daddy” when we talk”

[End of interview...]

# Management scores across countries

## Talent management



# Scoring grids

Between the next three classes we will run through the individual practice questions on the grid in detail.

This will be organized into three sections:

- Performance management
- Talent management
- Targets

These all from the management scoring grid out in your binder

In class I would like to discuss each question in detail and get examples from your own experiences



# (16) Promoting high performers

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Score	(1): People are promoted primarily upon the basis of tenure	(3): People are promoted upon the basis of performance	(5): We actively identify, develop and promote our top performers
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# (14) Rewarding high-performance

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Score	(1): People within our firm are rewarded equally irrespective of performance level	(3): Our company has an evaluation system for the awarding of performance related rewards	(5): We strive to outperform the competitors by providing ambitious stretch targets with clear performance related accountability and rewards
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# (15) Removing poor performers

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Score	(1): Poor performers are rarely removed from their positions	(3): Suspected poor performers stay in a position for a few years before action is taken	(5): We move poor performers out of the company or to less critical roles as soon as a weakness is identified
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## (7) Consequence management

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Score	(1): Failure to achieve agreed objectives does not carry any consequences	(3): Failure to achieve agreed results is tolerated for a period before action is taken.	(5): A failure to achieve agreed targets drives retraining in identified areas of weakness or moving individuals to where their skills are appropriate
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# (17) Attracting human capital

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Score (1): Our competitors offer stronger reasons for talented people to join their companies

(3): Our value proposition to those joining our company is comparable to those offered by others in the sector

(5): We provide a unique value proposition to encourage talented people join our company above our competitors

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# (18) Retaining human capital

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Score	(1): We do little to try and keep our top talent.	(3): We usually work hard to keep our top talent.	(5): We do whatever it takes to retain our top talent.
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# (13) Managing human capital

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Score	(1): Senior management do not communicate that attracting, retaining and developing talent throughout the organization is a top priority	(3): Senior management believe and communicate that having top talent throughout the organization is a key way to win	(5): Senior managers are evaluated and held accountable on the strength of the talent pool they actively build
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# Summary

Today we covered:

- Stylized facts of management practices within and across countries
- How most firms are unable to self-score their practices

On Thursday we will examine the factors that shape management:

- Competition
- Ownership
- Labor market regulations
- Skills

We will also analyze the basics of target management

