

Public vs. Private: Who Innovates Better?

A Conceptual Review of Managerial Innovation and Human Capital.

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Abstract

This research examines the relationship between managerial innovation and human capital, focusing on the specificities of public and private contexts. Our primary objective is to decipher the impact of human capital on the managerial innovation process within these two distinct spheres. To this end, we adopt a methodology based on a systematic literature review to provide a comprehensive overview of existing knowledge. The study's findings suggest that managerial skills, organizational culture, training and development, collaboration, motivation, and adaptability are crucial dimensions of human capital influencing managerial innovation. These factors may exhibit significant variations between the public and private sectors, emphasizing the need to consider the specificities of each context. The conclusions underscore the necessity of adapting managerial approaches according to the unique characteristics of each sphere. Organizations, whether public or private, should acknowledge the central role of human capital in the managerial innovation process and develop tailored strategies to foster creativity, collaboration, and flexibility within their teams.

Keywords : Managerial Innovation, Human Capital, Public Sector, Private Sector, Performance.

Introduction

In today's business landscape, **managerial innovation and human capital development** have become key imperatives for organizations seeking to enhance their **competitiveness and sustainability**. Both public and private sector entities face distinct challenges and opportunities, making it crucial to understand how **human capital characteristics shape managerial innovation practices** within these different contexts. Despite the growing recognition of their importance, the relationship between **managerial innovation** and **human capital** remains insufficiently explored, particularly regarding sector-specific dynamics.

The objective of this research is to examine the interplay between **managerial innovation and human capital** by analyzing the **differences and similarities between public and private organizations**. Specifically, this study seeks to determine **how human capital influences the managerial innovation process** in each sector and to identify the key factors that contribute to their respective success. By doing so, the research aims to bridge existing knowledge gaps and offer insights into optimizing managerial practices tailored to the specific needs of each sector. To address this objective, **a systematic literature review** is conducted, providing a comprehensive synthesis of current academic findings on the topic. The study explores **key dimensions of human capital**, such as **managerial skills, organizational culture, training and development, collaboration, motivation, and adaptability**, and their impact on managerial innovation. Furthermore, it examines **sectoral differences**, including **organizational objectives, corporate cultures, and funding mechanisms**, highlighting the necessity of context-specific managerial innovation strategies.

The remainder of this article is structured as follows: **Section 2** presents a conceptual analysis of **managerial innovation and human capital**, tracing their evolution and theoretical underpinnings. **Section 3** outlines the **systematic review methodology**, detailing the research question and the adopted protocol. **Section 4** discusses the **main findings**, emphasizing sectoral distinctions and their implications. Finally, **Section 5** provides **concluding remarks**, exploring the study's practical contributions and potential avenues for future research.

1. Conceptualization of the Research

1.1. Linguistic and Semantic Analysis of Key Concepts

1.1.1 Managerial Innovation

From a linguistic perspective, the term "innovation" originates from the Latin *innovatio*, meaning "renewal" or "change." Initially, the term was associated with ideas of renewal, transformation, and novelty. Over time, its use has evolved to encompass a wide range of concepts and fields, reflecting changes in social, economic, and technological contexts.

The term "management" comes from the Latin *manu agere*, which means "to lead by hand." Over time, it has evolved to refer to all activities related to directing, organizing, and coordinating human, material, and financial resources within an organization.

By combining these two terms, "managerial innovation" refers to the introduction of new or improved practices in the field of management and organizational governance. This may include adopting new methods, technologies, work approaches, or leadership and decision-making styles, all aimed at improving an organization's performance and competitiveness.

1.1.2 Human Capital

The word "**capital**" originates from the Latin *capitalis*, initially meaning "head," but its meaning later expanded to encompass wealth and assets. According to the *Larousse* dictionary, capital refers to all economic, financial, or other resources capable of generating income or benefits. The term "**human**" comes from the Latin *humanus*, derived from *homo*, meaning "man." It refers to what is specific to human beings, including their nature, essence, qualities, and characteristics.

By combining these two terms, "**human capital**" is a concept that emerged in the 1960s, primarily introduced by the American economist **Theodore W. Schultz** in his book *Investing in People: The Economics of Population Quality* (1961). Schultz defined human capital as the set of skills, knowledge, and abilities acquired by an individual through education and training, which constitute a productive resource for the economy. Thus, from a linguistic perspective, "**human capital**" refers to the economic value associated with individuals' skills, knowledge, and capabilities within a society or an organization. It considers people as valuable assets and a potential investment for development and growth.

1.2. Conceptual Trajectory: The Evolution of ‘Managerial Innovation’ and ‘Human Capital’

1.2.1. Managerial Innovation

The conceptualization of **managerial innovation** has evolved significantly across different academic perspectives. Several researchers have provided definitions that highlight its dynamic and multidimensional nature.

- **Mintzberg and Waters (1985)** define managerial innovation as a **continuous process** involving the creation and implementation of new ideas and management practices. This perspective underscores the need for **constant adaptation** to environmental and organizational changes.
- **Damanpour (1991)** focuses on **incremental innovation**, arguing that managerial innovation is a progressive process that improves organizational performance and enhances competitiveness through **gradual transformation** rather than radical shifts.
- **Hamel and Prahalad (1994)** emphasize **disruptive innovation**, viewing managerial innovation as a **break from traditional management models**. They argue that this requires challenging existing paradigms and seeking novel approaches to create **sustainable competitive advantages**.
- **Chesbrough (2003)** expands the concept by incorporating the idea of **open innovation**, where organizations integrate external stakeholders—customers, partners, and other entities—into the managerial innovation process. This perspective highlights the importance of **collaboration** in value creation.
- **Tidd and Bessant (2009)** further refine managerial innovation by stressing the importance of **exploring new management methods** and adapting to evolving market demands to ensure long-term sustainability.

In summary, managerial innovation is **not a static concept** but rather a **continuous and evolving process** that adapts to technological advancements, changing work environments, and emerging management trends. Its role is crucial in **helping organizations navigate uncertainty, enhance adaptability, and sustain long-term value creation**.

1.2.2. Human Capital

The concept of **human capital** has also undergone significant theoretical evolution, reflecting its growing importance in **economic and organizational performance**.

- **Becker (1964)** provides one of the earliest formal definitions, viewing human capital as the **skills, knowledge, and abilities acquired by individuals** that contribute to both

their productivity and the organization's overall performance. This perspective underscores the importance of **education and training investments** in economic growth.

- **Schultz (1971)** expands on this definition, considering human capital an **economic investment in education, training, and healthcare**, with **long-term benefits** for workers, employers, and economies.
- **Becker et al. (1990)** further develop the concept by **incorporating social and organizational dimensions**, emphasizing that human capital is not just an individual asset but also a key driver of **organizational performance and competitive advantage**.
- **Edvinsson and Malone (1997)** and **Stewart (1997)** introduce the notion of **intellectual capital**, highlighting the importance of **tacit knowledge, social networks, and knowledge-sharing** as key components of human capital that create long-term organizational value.
- **Bontis and Fitz-enz (2002)** propose **measurement models** for human capital, aiming to evaluate and maximize **returns on human capital investments** while considering their impact on organizational performance.

In summary, human capital has transitioned from a purely economic asset to a multidimensional concept that integrates knowledge, competencies, leadership, adaptability, and organizational learning. Today, human capital is recognized as a strategic driver of innovation and competitiveness, particularly in knowledge-based and digital economies.

2. Methodology

This study employs a systematic literature review to explore the relationship between managerial innovation and human capital in the public and private sectors. The methodology follows a structured approach, ensuring rigor, transparency, and reproducibility in identifying, analyzing, and synthesizing relevant academic literature.

2.1. Research Question Identification :

The research question emerges from a preliminary literature review, highlighting the significance of managerial innovation and human capital in both sectors. The study is guided by the following key research questions:

2.1.1. Primary Research Question:

- What is the relationship between **managerial innovation** and **human capital** in public and private sector organizations?

2.1.2. Secondary Research Questions:

- How is managerial innovation conceptualized in public and private sector contexts?
- What are the key components and dimensions of human capital in both sectors?
- How does human capital influence managerial innovation within these two spheres?
- What are the major differences and similarities between public and private organizations regarding objectives, funding mechanisms, organizational culture, innovation needs, human capital importance, and managerial innovation techniques?

These research questions serve as a framework for the systematic literature review, guiding the identification and analysis of relevant studies.

2.2. Development of the Research Protocol

A detailed research protocol was established, outlining the objectives, inclusion and exclusion criteria, data sources, and analysis methods used in the literature review.

2.2.1. Study Objectives

- Identify and synthesize existing knowledge on managerial innovation and its relationship with human capital in public and private organizations.
- Examine various theoretical perspectives and key concepts related to managerial innovation and human capital.
- Analyze factors that facilitate or hinder managerial innovation in both sectors, with a particular focus on human capital.
- Compare managerial innovation practices in public and private organizations, identifying best practices and lessons learned.
- Provide practical recommendations for policymakers and managers to enhance human capital-driven innovation in their organizations.

2.2.2. Inclusion and Exclusion Criteria

To ensure the relevance and quality of the studies included in the systematic literature review, inclusion and exclusion criteria were established to filter and select the most pertinent sources.

a) Inclusion Criteria:

- **Thematic Relevance:** Studies must explicitly address managerial innovation and human capital, particularly in public and private sector contexts.
- **Methodological Rigor:** Only studies with clear and robust methodologies (e.g., empirical studies, systematic reviews, meta-analyses, and government reports) are included.

- **Language:** The review includes studies published in English and French to ensure broad coverage of academic and professional research.
- **Availability:** Full-text studies that are open access or accessible via institutional subscriptions are included.

b) Exclusion Criteria:

- **Limited Relevance:** Studies that do not explicitly focus on managerial innovation or human capital or that do not examine both the public and private sectors are excluded.
- **Poor Methodological Quality:** Research with major methodological limitations, weak data collection, or insufficient analysis is excluded.
- **Lack of Full Access:** Studies that are not available in full text despite reasonable efforts to obtain them are omitted.
- **Redundant Publications:** Duplicate studies are removed to avoid redundancy and ensure diversity in the reviewed literature.

2.2.3. Databases and Data Sources

To ensure a comprehensive selection of relevant studies, three major academic databases were consulted. **Scopus** provides access to a multidisciplinary collection of peer-reviewed journal articles, conference papers, and industry reports in management, human resources, and social sciences. **Web of Science (WoS)** offers a valuable research platform through its Social Sciences Citation Index (SSCI) and Science Citation Index Expanded (SCI-EXPANDED), enabling the tracking of trends and impact factors in management innovation research. **Google Scholar**, a broad-spectrum research engine, includes diverse sources such as working papers, policy reports, and non-indexed but valuable academic literature, ensuring a wider coverage of perspectives in managerial innovation and human capital studies.

2.2.4. Data Analysis Methods

To ensure a structured and rigorous analysis of the selected studies, a multi-step data analysis approach was adopted. This approach includes data extraction, classification, thematic analysis, and quality assessment, ensuring the reliability and validity of the findings.

a) Data extraction

A data extraction form was designed to capture key elements, including study characteristics (author, year, source), research objectives, applied methodologies, key findings, and theoretical frameworks. Additionally, the studies were classified based on their sectoral focus (public or private sector) and thematic relevance to managerial innovation and human capital.

b) Data Classification

Studies were classified according to their type (empirical research, literature review, meta-analysis, or theoretical paper), sectoral focus (public vs. private sector), and key research themes (such as innovation strategies, human capital development, leadership, and collaboration models). This categorization enabled a structured comparison of findings across different research contexts and helped in identifying trends and gaps in the literature.

c) Thematic Analysis

By analyzing common themes across studies, this approach provided insights into key drivers of managerial innovation, the role of human capital in fostering organizational change, and sectoral differences in implementing innovation strategies. The findings were systematically grouped into major themes, such as leadership influence, skill development, organizational culture, and cross-sectoral collaboration.

2.2.5. Quality Assessment

Each study was evaluated based on its methodological rigor, relevance to the research question, clarity in data collection methods, sample size adequacy, and the strength of its conclusions. Preference was given to peer-reviewed studies with strong citation impact, ensuring that only high-quality, scientifically robust research was included in the review. This step helped in eliminating biased or weakly supported findings, strengthening the reliability of the overall study conclusions.

2.3. Initial Research

After establishing the research protocol—defining the study objectives, inclusion and exclusion criteria, consulted databases, data analysis methods, and quality assessment for evaluating selected studies—an initial search was conducted. This search was carried out in each database using relevant keywords, such as "*managerial innovation*," "*human capital*," "*public sector*," "*private sector*," "*relationships*," "*differences*," and "*similarities*." As a result, a broad range of potential articles was identified. Once the initial search was completed across the selected databases, the detailed research protocol was rigorously applied to filter the relevant studies. This process ensured a methodical and transparent selection, aligning with the predefined inclusion criteria. Each step of the protocol was meticulously followed to maintain consistency and reliability, strengthening the validity of the systematic review's findings.

3. Results and Discussion

The results of this systematic literature review provide a comprehensive analysis of the relationship between managerial innovation and human capital in the public and private sectors.

The findings are structured into key thematic areas, highlighting similarities, differences, and sector-specific challenges.

3.1. Human Capital: A Fragmented Yet Essential Perspective

An interesting observation from the literature review is that the concept of human capital is not explicitly examined as a standalone construct but rather explored through its key components and dimensions. The analyzed studies primarily focus on specific aspects of human capital, such as managerial competencies, employee training and development, organizational culture, and internal and external collaboration. This fragmented approach provides a nuanced understanding of human capital in its diversity and complexity, highlighting the different levers and factors that influence managerial innovation. By examining these individual components, researchers can identify the key elements that shape an organization's capacity for innovation and adaptability in response to change. Moreover, this approach allows for a pragmatic interpretation of human capital by emphasizing the practical actions that organizations can implement to enhance their human resources and foster innovation. Consequently, even though human capital is not studied as a unified concept, its importance remains evident through the examination of its various dimensions in the scientific literature.

3.2. Managerial Competencies as a Pillar of Managerial Innovation

The findings from this literature review reveal a profound perspective on the central role of managerial competencies in driving managerial innovation across both the public and private sectors.

According to **Aghion and Cette (2023)**, managerial competencies are of paramount importance, encompassing the ability to develop visionary strategies, orchestrate organizational change, and foster an environment conducive to creativity and innovation. Their analysis highlights a strong correlation between managerial competencies and an organization's capacity to generate and effectively implement innovative ideas.

Similarly, **Gazier and Aghion (2023)** emphasize the significant impact of managerial competencies on the innovation process. Their research underscores the critical role of management skills in driving innovative initiatives, particularly focusing on managers' ability to optimally mobilize human and material resources to achieve strategic organizational objectives. This perspective reinforces the idea that managerial competencies serve as a key driver of an organization's adaptability and long-term success in an ever-evolving environment. Furthermore, the study by **Heeks and Hiralal (2023)** highlights the specific importance of project management and change management skills in the public sector. Their in-depth analysis

of public sector innovation initiatives underscores the crucial role of managerial competencies in the design, implementation, and evaluation of innovative projects. Their research also stresses the need to develop specialized competencies among public sector managers to ensure the success of innovation-driven initiatives aimed at improving public services and addressing the evolving needs of citizens.

In conclusion, the examined studies converge on the same key insight: managerial competencies are essential for catalyzing managerial innovation, regardless of the sector—public or private. This section highlights the strategic necessity for organizations to recognize the importance of managerial competencies and invest in the professional development of their executives to foster a sustainable and adaptive innovation culture.

Table 1 : Comparison of Managerial Competencies and Innovation in the Public and Private

	Public Sector	Private Sector
Importance of Managerial Competencies	Essential for catalyzing managerial innovation	Essential for catalyzing managerial innovation
Key Competencies	<ul style="list-style-type: none"> • Development of visionary strategies • Orchestration of organizational change • Fostering an environment conducive to creativity and innovation • Project management and change management 	<ul style="list-style-type: none"> • Development of visionary strategies • Orchestration of organizational change • Fostering an environment conducive to creativity and innovation • Risk-taking and innovation
Differences	<ul style="list-style-type: none"> • Emphasis on collaboration and public service • Longer and more complex decision-making processes • Aversion to risk and resistance to change 	<ul style="list-style-type: none"> • Focus on performance and risk-taking • Faster and more flexible decision-making processes • Encouragement of innovation and adaptability
Similarities	<ul style="list-style-type: none"> • Importance of leadership and communication • Need for a culture of learning and adaptability • Significance of human and financial resource management 	<ul style="list-style-type: none"> • Importance of leadership and communication • Need for a culture of learning and adaptability • Significance of human and financial resource management

Sectors Source: Authors.

3.3. Organizational Culture and Managerial Innovation: An Inseparable Link

A favorable organizational culture is another key aspect highlighted in this review as a crucial driver of managerial innovation. According to Barthélemy (2023), innovative organizations often share fundamental values such as trust, open-mindedness, and tolerance for failure. This perspective emphasizes the importance of fostering a culture that encourages risk-taking and

the exploration of new ideas, which are essential for sustaining a dynamic and thriving innovation ecosystem. The findings of Chiva and Alegre (2023) reinforce this idea by demonstrating a strong correlation between an organizational culture oriented toward collaboration and risk-taking and an organization's ability to generate significant innovations. Their analysis underscores the importance of creating an environment where employees feel encouraged to share ideas, experiment with new approaches, and learn from failures, thereby strengthening the organization's innovative capacity.

However, cultural differences between the public and private sectors can significantly influence how innovation is perceived and promoted within organizations (Barthélemy, 2023). In the public sector, for instance, decision-making processes tend to be more complex, and incentives for innovation often differ from those in the private sector due to budget constraints and regulatory frameworks. These factors can hinder rapid innovation implementation compared to the more agile, performance-driven private sector.

Table 2: *Organizational Culture and Managerial Innovation – Public vs. Private Sector*

	Public Sector	Private Sector
Importance of a Culture Favorable to Innovation	Essential for stimulating creativity and adaptability	Essential for stimulating creativity and adaptability
Key Values	Trust Open-mindedness Tolerance for failure Collaboration Risk-taking	Trust Open-mindedness Tolerance for failure Collaboration Risk-taking Agility
Differences	More complex decision-making processes Different incentives for innovation (budget constraints, regulations)	Faster decision-making processes Stronger incentives for innovation (performance, profit)
Similarities	Importance of an environment encouraging risk-taking and the exploration of new ideas Importance of collaboration and knowledge sharing	Importance of an environment encouraging risk-taking and the exploration of new ideas Importance of collaboration and knowledge sharing

Source: Authors.

3.4. Training and Development to Foster Managerial Innovation

Employee training and development emerge as key drivers of managerial innovation, playing a crucial role in enhancing organizations' ability to generate and implement innovative ideas. According to Gazier and Aghion (2023), investments in skill development can significantly increase employees' capacity to innovate, ensuring that they can effectively implement new ideas. This perspective highlights the necessity of adopting a proactive approach to competency development in order to create an environment conducive to innovation within organizations. Similarly, Heeks and Hiralal (2023) emphasize the critical importance of executive training and project team development in knowledge dissemination and best practices related to innovation. Their analysis underscores that adequate training enhances individuals' ability to anticipate and overcome challenges associated with innovation implementation, ultimately improving the effectiveness and impact of innovation initiatives.

However, it is essential to recognize that training and development approaches vary depending on the specific needs and characteristics of each organization. As a result, managers must design tailored training programs that align with their employees' unique needs and the organization's strategic innovation goals.

Table 3: *Training and Development to Foster Managerial Innovation – Public vs. Private Sector*

	Public Sector	Private Sector
Importance of Training and Development	Essential for stimulating managerial innovation	Essential for stimulating managerial innovation
Objectives	Develop competencies to generate innovative ideas Effectively implement innovations Disseminate knowledge and best practices	Develop competencies to generate innovative ideas Effectively implement innovations Increase performance and competitiveness
Differences	Specific needs related to public sector missions More limited resources and budgets	Specific needs related to strategy and market More flexible resources and budgets
Similarities	Importance of a proactive approach to skill development	Importance of a proactive approach to skill development Need to tailor training programs to employees' specific needs

	Need to tailor training programs to employees' specific needs Importance of continuous training to maintain a high skill level	Importance of continuous training to maintain a high skill level
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Source: Authors.

3.5. Internal and External Collaboration: A Key Success Factor

In line with the open innovation concept proposed by Chesbrough (2017), collaboration with external actors is crucial for fostering the development of new ideas and solutions. This approach highlights the importance of forming strategic partnerships with other companies, academic institutions, and start-ups to leverage diverse perspectives and complementary expertise in the innovation process.

In the public sector, collaboration is equally critical. Heeks and Hiralal (2023) emphasize the necessity of close cooperation among government agencies, private enterprises, and civil society organizations to effectively address complex societal challenges and drive large-scale innovation. Their analysis underscores that cross-sectoral collaboration facilitates resource sharing, knowledge exchange, and best practice dissemination, ultimately enabling organizations to achieve ambitious innovation goals.

However, internal and external collaboration presents unique challenges, including managing organizational cultural differences, protecting intellectual property, and coordinating stakeholder activities. Despite these obstacles, the potential benefits—such as generating innovative ideas, solving complex problems, and creating added value for stakeholders—far outweigh the challenges, making collaboration a strategic imperative for organizations.

Table 4: *Internal and External Collaboration for Managerial Innovation – Public vs. Private Sector*

	Public Sector	Private Sector
Importance of Collaboration	Essential for addressing complex problems and fostering large-scale innovation	Essential for developing new ideas and solutions
Internal collaboration	Collaboration between different government agencies Sharing of resources, knowledge, and best practices	Collaboration between different departments and services Sharing of resources, knowledge, and best practices
External Collaboration	Strategic partnerships with private enterprises, academic institutions, and start-ups Access to diverse perspectives and complementary skills	Strategic partnerships with other companies, academic institutions, and start-ups Access to diverse perspectives and complementary skills
Challenges	Managing differences in organizational culture Protection of intellectual property Coordination of activities among stakeholders	Managing differences in organizational culture Protection of intellectual property Coordination of activities among stakeholders

Source: Authors.

3.6. Motivation and Adaptability: Drivers of Managerial Innovation

According to Pfeffer and Sutton (2023), motivation plays a crucial role in fostering a work environment conducive to innovation, where individuals feel encouraged to contribute new and creative ideas. Their perspective underscores the importance of recognizing and rewarding innovative contributions, as well as promoting a climate of trust and openness, ensuring that employees feel valued and heard. At the same time, an organization's ability to adapt to its external environment is critical to its long-term success. As highlighted by Teece (2023), organizations must be able to identify and seize emerging opportunities while navigating market challenges with agility. This proactive adaptability enables organizations to remain relevant and

competitive in an ever-changing environment by anticipating future trends and adjusting their strategies accordingly.

It is important to note that motivation and adaptability are closely interconnected. Motivated employees are generally more willing to embrace change and quickly adapt to new situations. Similarly, flexible and responsive organizations are better positioned to cultivate a dynamic and stimulating work environment, which in turn reinforces employee motivation and engagement.

Table 5: Motivation and Adaptability for Managerial Innovation – Public vs. Private Sector

	Public Sector	Private Sector
Importance of Motivation	Essential for encouraging innovative contributions and fostering a climate of trust	Essential for encouraging innovative contributions and boosting performance
Motivational Factors	Recognition and reward for innovative contributions Climate of trust and openness Employee appreciation and active listening	Salary and social benefits Career growth opportunities Sense of achievement and impact
Importance of Adaptability	Essential for seizing opportunities and navigating a constantly evolving environment	Essential for staying relevant and competitive in the market
Adaptability Factors	Culture of learning and innovation Flexible structures and processes Encouragement of change and risk-taking	Culture of innovation and agility Flexible structures and processes Ability to anticipate trends and adjust strategy
Link Between Motivation and Adaptability	Motivated employees are more likely to embrace change and adapt	Flexible organizations are better positioned to cultivate a motivating environment
Advantages	Encourages creativity, resilience, and long-term growth Enables responses to market challenges and changes	Increases performance and competitiveness Allows organizations to seize opportunities and remain relevant

Source: Authors.

3.7. Nuances Between the Public and Private Sectors

While many factors influencing managerial innovation are common to both spheres, there are also significant nuances to consider. One major difference lies in organizational objectives, which can vary between the public and private sectors. As highlighted by Aghion and Cette (2023), public organizations generally pursue social and environmental goals, whereas private organizations are primarily driven by economic objectives. This distinction in organizational missions shapes innovation priorities, with each sector emphasizing different outcomes and expected impacts.

Additionally, organizational culture plays a crucial role in fostering innovation and may differ between the two spheres. As noted by Barabaschi and D'Angelo (2023), public and private organizations often have distinct cultures, influenced by sector-specific norms, values, and practices. Public organizations tend to exhibit a more bureaucratic and hierarchical culture, whereas private companies typically promote agility, risk-taking, and innovation incentives. Furthermore, funding mechanisms differ significantly between the public and private sectors. Public organizations rely primarily on tax-based funding, while private enterprises depend on profits. This variation affects the availability of resources for innovation and influences the incentives and pressures to innovate.

In conclusion, while both sectors share common aspects of managerial innovation, it is crucial to recognize and understand their specific nuances. A differentiated approach, considering organizational objectives, culture, financing mechanisms, and other contextual factors, is essential for designing effective and sector-appropriate innovation strategies.

Table 6: *Nuances Between the Public and Private Sectors in Managerial Innovation*

	Public Sector	Private Sector
Organizational Objectives	Social and environmental	Economic
Managerial Innovation Priorities	Improving efficiency and performance of public services, solving societal problems	Developing innovative products and services, increasing market share, reducing costs
Organizational Culture	More bureaucratic and hierarchical	More agile and performance-driven
Funding Mechanisms	Tax-based funding	Profit-driven funding
Resource Availability	More limited	More flexible

Innovation Incentives	Improving public service quality, citizen satisfaction	Increasing profits, creating value for shareholders
Pressure to Innovate	Lower	Higher
Managerial Innovation Approach	More cautious and planned	More flexible and experimental
Human Capital	Crucial for addressing complex challenges and fulfilling public sector missions	Crucial for developing innovative products and services and adapting to market changes
Managerial Competencies	Strategic vision, change management, fostering creativity, public leadership	Technical skills, adaptability, teamwork, entrepreneurial leadership
Training and Development	Investment in managerial skills, continuous learning, collective intelligence development	Training programs focused on innovation and agility, technical skill development
Motivation and Adaptability	Stimulating and rewarding work environment, culture of inclusion and collaboration	Corporate culture encouraging autonomy and responsibility, attractive salaries and benefits

Source: Authors.

Conclusion

Managerial innovation is a critical driver of growth, competitiveness, and adaptability for both public and private organizations. This study has explored the relationship between managerial innovation and human capital, highlighting key commonalities and distinctions between these two spheres.

The findings reveal that several fundamental factors significantly influence managerial innovation. First, managerial competencies emerge as a central pillar, enabling organizations to develop strategic visions, manage change effectively, and foster a creative environment. Additionally, a supportive organizational culture plays a crucial role in encouraging risk-taking, learning from failure, and promoting collaboration among employees. Investing in training and skill development also proves to be essential, as it equips employees with the necessary tools to drive innovation. Furthermore, internal and external collaboration facilitates the exchange of knowledge, expertise, and resources, enhancing the generation of novel and creative ideas. Employee motivation and organizational adaptability are also key enablers, ensuring that organizations remain resilient and competitive in an ever-evolving environment.

Despite these shared dynamics, significant sectoral differences influence how managerial innovation unfolds. Public organizations tend to have social and environmental objectives, whereas private firms focus on economic goals, affecting their innovation priorities. Likewise, organizational culture differs, with the public sector often characterized by hierarchical and bureaucratic structures, while the private sector favors agility, risk-taking, and performance-based incentives. In terms of funding mechanisms, public organizations rely on tax revenues, whereas private firms are driven by profits, impacting resource availability and innovation incentives.

This study provides a deeper understanding of the link between managerial innovation and human capital across both sectors while acknowledging certain methodological limitations, particularly the reliance on textual analysis through Excel. To enhance the robustness of these findings, future research should integrate a more in-depth content analysis to compare and validate results across different analytical tools.

Despite these limitations, this study opens new avenues for further research, particularly in exploring additional factors influencing managerial innovation. Developing sector-specific innovation strategies tailored to the unique constraints and opportunities of public and private organizations remains a key priority. The next step will involve an empirical qualitative

approach, providing a solid foundation for future research and offering practical insights for managers seeking to foster sustainable and adaptive managerial innovation.

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