HARVARD | BUSINESS | SCHOOL

FACULTY & RESEARCH

Working Paper | 2008

Modern Management: Good for the Environment or Just Hot Air?

by Nicholas Bloom, Christos Genakos, Ralf Martin and Raffaella Sadun

Abstract

We use an innovative methodology to measure management practices in over 300 manufacturing firms in the UK. We then match this management data to production and energy usage information for establishments owned by these firms. We find that establishments in better managed firms are significantly less energy intensive. They use less energy per unit of output, and also in relation to other factor inputs. This is quantitatively substantial: going from the 25th to the 75th percentile of management practices is associated with a 17.4% reduction in energy intensity. This negative relationship is robust to a variety of controls for industry, location, technology and other factor inputs. Better managed firms are also significantly more productive. One interpretation of these results is that well managed firms are adopting modern lean manufacturing practices, which allows them to increase productivity by using energy more efficiently. This suggests that improving the management practices of manufacturing firms may help to reduce greenhouse gas emissions.

Keywords: Energy Conservation; Management Practices and Processes; Performance Productivity; Environmental Sustainability; Pollution and Pollutants; Manufacturing Industry; United Kingdom;

Language: English Format: Print Read Now

Citation:

Bloom, Nicholas, Christos Genakos, Ralf Martin, and Raffaella Sadun. "Modern Management: Good for the Environment or Just Hot Air?" NBER Working Paper Series, No. 14394, October 2008.

Export Citation

About the Author

Raffaella Sadun
Thomas S. Murphy Associate Professor of Business Administration
Strategy

View Profile »
View Publications »