

What Drives Differences in Management?

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Abstract

Partnering with the Census we implement a new survey of “structured” management practices in 32,000 US manufacturing plants. We find an enormous dispersion of management practices across plants, with 40% of this variation across plants *within* the same firm. This management variation accounts for about a fifth of the spread of productivity, a similar fraction as that accounted for by R&D, and twice as much as explained by IT. We find evidence for four “drivers” of management: competition, business environment, learning spillovers and human capital. Collectively, these drivers account for about a third of the dispersion of structured management practices.