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The Art of Execution

Management as a Hidden Driver of Europe's Competitiveness

Abstract

This policy paper aims to complement the Draghi Report on competitiveness, which highlights many relevant aspects of European competitiveness but leaves one key element relatively underexplored: the quality of management. This key determinant of competitiveness deserves more attention since differences in management practices account for 10–30% of productivity variation across firms and countries. In order to improve the quality of management in Europe and further boost European competitiveness, we propose the European Management Capabilities Initiative (EMCI). This initiative will embed managerial excellence as a cornerstone of European economic policymaking without bringing additional bureaucratic and financial burdens.

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Executive summary

The Draghi Report provides a compelling diagnosis of Europe's competitiveness gap, identifying structural weaknesses in productivity, market fragmentation, and investment capacity. Yet one critical determinant remains insufficiently explored: the quality of management within European enterprises and public administrations.

Strong management can translate investment, innovation, and policy ambition into tangible outcomes: productivity gains. Differences in managerial capabilities are associated with variation in productivity, innovation uptake, organisational resilience in face of crisis, and the effectiveness of public-sector delivery. In this sense, management quality constitutes a form of economic infrastructure – less visible than capital or regulation, but equally decisive.

Europe's challenge is therefore not only to mobilise resources, but to strengthen its capacity to execute with quality, speed, and efficiency within a context of harsh budgetary constraints. The ability of firms and public institutions to transform strategic intent into performance remains uneven across Member States and sectors. Without addressing this execution gap, even well-designed policies risk under-delivery.

This paper introduces the European Management Capabilities Initiative (EMCI) as a complementary pillar of European competitiveness policy. It proposes a framework through which management quality can be elevated to a strategic priority, embedded across existing policy instruments and developed in a manner consistent with European values and institutional diversity.

The current technological transformation creates a unique opportunity. Advances in artificial intelligence enable new forms of organisational diagnostics, decision support, leadership development, and performance monitoring. Europe is well positioned to lead in the development of ethical, human-centred, AI-assisted management systems.

Strengthening managerial capacity across both the private and public sectors would contribute directly to higher productivity, improved innovation diffusion, greater resilience, stronger talent attraction, and more effective policy implementation. Europe's competitiveness challenge cannot be addressed without recognising management quality as a core driver of economic performance. The quality of management is not a soft variable: it is 'hard' economic infrastructure.

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Introduction

The Draghi Report outlines a comprehensive strategy for restoring Europe's competitiveness, focusing on investment, industrial policy, and institutional reform. Its diagnosis is compelling. Yet the Report's recommendations – however well designed – will only deliver if organisations across Europe have the capacity to implement them. That capacity is shaped not by legislation or funding alone, but by how firms, NGOs, and public administrations are led from within.

At the organisational level, performance is determined by managerial and cultural factors that formal policy frameworks cannot directly control: how decisions are made, how people are motivated (with the rewards system playing a key part), how strategy is translated into daily execution. These are not secondary concerns, especially for the younger generations. They are the operational mechanisms through which macroeconomic reform either succeeds or falls short.

The gap between policy ambition and operational outcome is not new, but it has become more consequential. Europe's reform agenda is increasingly complex – combining digital transition, decarbonisation, strategic autonomy, and institutional modernisation simultaneously. Executing across all these fronts demands organisations that are not merely compliant with new frameworks, but genuinely capable of adapting, innovating, and performing under pressure. That capability is, at its core, a management question.

Managerial capability varies considerably across EU Member States, and Europe as a whole does not show strength compared with the United States and China in terms of management practices, organisational culture, and public-sector leadership.[1] These disparities are not uniform – they differ markedly across organisation types. Structured practices that build predictability and trust, such as goal setting, performance monitoring, and incentive design, remain unevenly adopted across geographies and institutional contexts. When mapped against economic outcomes, the evidence is clear: the quality of management practices is a systemic determinant of competitiveness, not a peripheral concern.

This makes management capability the 'missing middle' for the Draghi Report – the connective tissue between ambitious structural reforms and their real-world

1 N. Bloom, R. Sadun, & J. Van Reenen (2021), 'Can European Firms Close Their "Management Gap" with the US?' (CEPR & McKinsey), https://cepr.org/voxeu/columns/can-european-firms-close-their-management-gap-us. IMD (2025), World Competitiveness Booklet 2025 (Lausanne: IMD).

impact (see Table 1). The question of what Europe invests in must be paired with how its organisations are led. A smarter, more resilient, and more innovative Europe will require quality of management to take its place alongside legislation and infrastructure as an explicit policy priority.

Table 1. The missing middle: connecting macro ambition to micro execution

Key Focus Area (Draghi Report)	Macro Objective (EU Level)	Level Enabler (Management Capabilities)
Productivity & Innovation	Core driver of competitiveness; high-stakes policy priority	People-first leadership practices (culture of feedback, autonomy, engagement) that enable agility, experimentation, and effectiveness
Investment Expansion	€750–800 billion annual capital mobilisation, both public and private	Strategic leadership, risk management, high trust culture
Policy Focus Areas	Transformation of the European economy towards sustainability, resilience, and strategic autonomy	Change-management capabilities; cross-functional coordination; Aligning long-term strategic objectives with operational delivery
Governance & Capital Markets Reform	Enable faster decision-making and funding flows	Internal governance maturity within firms and public institutions
Procurement Strategy	Incentivises managerial innovation within the public sector	Management capacity to deliver complex projects and scale execution

The stakes are practical. Innovation commercialisation and R&D scaling need firms with the managerial depth to move from idea to execution. Public procurement reform demands leadership teams capable of navigating complexity and driving delivery. Governance modernisation cannot succeed without corresponding shifts in how organisations are led from within. And the opportunity is time-sensitive: advances in artificial intelligence are creating a narrow window in which Europe can develop its own ethical, human-centred management tools – and establish a global standard in the process.

The hidden engine of productivity and innovation

Labour productivity and capital efficiency

Europe faces a productivity paradox. Despite an abundance of talent, technological capacity, and public investment, the continent continues to underperform in output per worker relative to global competitors – most notably the United States. OECD data confirms a persistent gap in productivity per hour worked between the EU and the US,[2] and while macroeconomic strategies have prioritised structural reform and digital transition, one lever remains conspicuously underutilised: quality of management at the organisational level. Automation, green investment, and digital policy dominate the policy agenda, yet how workers are led, motivated, and organised remains a blind spot in European economic strategy.

The evidence on engagement reinforces this concern. Gallup's global data consistently places European employees among the least engaged workforces worldwide,[3] and Eurofound's sixth European Working Conditions Survey[4] documents widespread dissatisfaction with management quality and limited workplace autonomy – measurable inputs to productivity, not merely soft indicators.

The relationship between management practice and productivity is rigorously documented by a landmark survey of manufacturing firms across Europe, the UK, and the US by the LSE's Centre for Economic Performance and McKinsey & Company. Differences in management practices account for between 10% and 30% of productivity variation across firms and countries, with differentiated rewards policies having a significant role.[5]

Weak management generates compounding inefficiencies: technology is under-utilised, employee engagement deteriorates, and governance underperforms. Addressing the long tail of poorly managed firms – through targeted training, leadership professionalisation, and cultural change – offers strong returns at relatively low cost. Management quality improvements are therefore a meaningful

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2 OECD (2025), 'Compendium of Productivity Indicators 2025' (Paris: OECD Publishing), https://www.oecd.org/sti/ind/compendium-of-productivity-indicators.htm.

3 Gallup (2025), 'State of the Global Workplace: Global Data' (Gallup), https://www.gallup.com/workplace/697904/state-of-the-global-workplace-global-data.aspx.

4 Eurofound (2017 & 2024), 'European Working Conditions Survey: First Findings'. (European Foundation for the Improvement of Living and Working Conditions), https://www.eurofound.europa.eu/surveys/european-working-conditions-surveys.

5 Bloom et al. (2021), 'Can European Firms Close Their "Management Gap"?'

and underappreciated contributor to productivity growth – particularly in countries where undermanaged firms remain prevalent.

Innovation uptake and diffusion

Innovation capacity is strengthened where managers possess the skills, incentives, and authority to support experimentation, mobilise talent, and sustain long-term strategies. Development policy research identifies managerial quality as a key determinant of R&D effectiveness, extending well beyond traditional financing or technology metrics.[6] Firm-level research finds that improvements in the quality of management can increase both the likelihood of R&D investment and its downstream effects on product innovation,[7] while higher-quality management teams are independently associated with stronger patent outputs and greater R&D spend.[8] Leadership styles that support knowledge sharing and employee participation further enable dynamic capability development.[9]

Data from the 2026 update of Eurofound's sixth European Working Conditions Survey adds a cautionary note:[10] the share of workers reporting that they can apply their own ideas at work has declined, pointing to a contraction in job autonomy that may dampen firm-level innovation.

The comparative picture is instructive. The US leads where high-quality management aligns with risk-taking culture and the capacity to scale. The EU performs strongly in knowledge creation but less consistently in translating that knowledge into market impact. Europe's ability to close this gap will depend significantly on the quality of its management layer.

Attractiveness and structural resilience

Well-managed organisations do not only perform better in stable conditions – they weather disruption more effectively and attract better people. These two dimensions are distinct in mechanism but unified in cause: both are direct expressions of management quality.

6 X. Cirera, W. F. Maloney, & M. Sarrias (2017), 'Management Quality as an Input for Innovation', in The Innovation Paradox: Developing-Country Capabilities and the Unrealized Promise of Technological Catch-Up (Washington, DC: World Bank), /10.1596/978-1-4648-1160-9.

7 O. Sidorkin (2019), 'Management Quality and Innovation in Emerging Countries', Review of Economic Analysis, 11(1). https://openjournals.uwaterloo.ca/index.php/rofea/article/view/1518).

8 Q. Zhao, Z. Li, & Y. Yu (2021), 'Does Top Management Quality Promote Innovation? Firm-Level Evidence from China', China Economic Review, 65, 101557, https://doi.org/10.1016/j.chieco.2020.101557.

9 IPA Involve (n.d.), 'Good Work, Wellbeing, and Productivity: What is the Role of Management?' (IPA), https://www.ipa-involve.com/news/good-work-wellbeing-and-productivity-what-is-the-role-of-management.

10 Eurofound (2017 & 2024), 'European Working Conditions Survey'.

On talent, the evidence is clear. Organisations within strong management environments have a greater capacity to attract and retain high-quality professionals.[11] Reputation and attractiveness – both shaped by leadership behaviour and management decisions – are positively associated with job seekers' intent to apply, while participative leadership styles further enhance appeal to skilled professionals. In a European labour market characterised by demographic pressure and intensifying global competition for talent, this is a structural advantage, not a marginal one. The same logic extends to external stakeholders: corporate reputation and trust positively influence customer behavioural intentions and the durability of commercial relationships,[12] while governance quality and transparency reinforce institutional confidence in business-to-business contexts.[13]

Research further demonstrates that managerial characteristics and internal governance mechanisms – including leadership features, risk committee structures, and board functioning – are positively associated with organisational resilience in crisis contexts.[14] The disruptions of recent years have illustrated the same lesson repeatedly: organisations with strong management absorb shocks faster, retain their workforce more effectively, and recover more quickly. In a period of sustained volatility, this is a precondition for economic survival, not a secondary concern.

Management quality therefore generates returns not only in productivity, but across talent, trust, and resilience – the full range of factors that determine whether organisations remain competitive over the long term.

11 J. Tej, M. Vagaš, V. Ali Taha, V. Škerháková, & M. Harničárová (2021), 'Examining HRM Practices in Relation to the Retention and Commitment of Talented Employees', Sustainability, 13(24), 13923, https://doi.org/10.3390/su132413923; N. N. Thang, & P. T. Trang, (2024), 'Employer Branding, Organization's Image and Reputation, and Intention to Apply: the Moderating Role of the Availability of Organizational Information on Social Media', Frontiers in Sociology, 9:1256733. https://doi.org/10.3389/fsoc.2024.1256733.

12 Hean Tat Keh, & Yi Xie (2009), 'Corporate Reputation and Customer Behavioral Intentions: The Roles of Trust, Identification and Commitment', Industrial Marketing Management, 38(7), 732–742, https://doi.org/10.1016/j.indmarman.2008.02.005.

13 W. J. Aloulou, & N. F. Alshohail (2026), 'From Control to Value: How Governance, Risk Management and Compliance Improve Operational Efficiency and Company Reputation in Saudi Technology-Driven Firms', Risks, 14(1), 19, https://doi.org/10.3390/risks14010019.

14 A. Tajer, A. Boujrouf, H. Essabbar, & S. M. Rigar (2025), 'Résilience organisationnelle des PME en contexte de crise: rôle des caractéristiques managériales et des dispositifs de gouvernance', Journal of Business and Economics, 13(1), https://revues.imist.ma/index.php/jbe/article/view/59109; M. M. Weber, B. Pedell, & P. G. Rötzel (2024), 'Resilience-Oriented Management Control Systems: A Systematic Review of the Relationships Between Organizational Resilience and Management Control Systems', Journal of Management Control, 35, 563–620, https://link.springer.com/article/10.1007/s00187-024-00385-2.

The approach: building Europe's management advantage

From soft skill to strategic infrastructure

Europe does not need to replicate external models. It possesses world-class firms, leading business schools, and strong traditions of social dialogue and institutional stability. The opportunity lies in systematically embedding management excellence into competitiveness policy and scaling best practices across enterprises and public institutions.

The starting point is a conceptual shift: management must be recognised as a professional capability rather than merely a hierarchical position. Engagement, culture, and leadership quality are key drivers of productivity, innovation, and resilience and should be treated as such in policy design. Three core principles underpin this European approach. First, engagement is measurable and improvable – structured tools and indicators can assess and strengthen workforce commitment. Second, culture is strategy – organisational culture shapes execution capacity, innovation, and resilience. Third, management is a performance lever – the quality of leadership teams' activities directly influences productivity, adaptability, and stakeholder trust.

Translating these principles into practice requires the systematic adoption of specific management tools: continuous feedback systems and 360-degree leadership evaluation; performance reviews coupled with clear rewards strategies; pulse surveys and organisational health diagnostics; coaching-based leadership development at all levels; transparent communication and data-informed decision-making; and structured talent management systems covering attraction, development, and retention. European business schools and executive education institutions are already adapting and refining these tools for European contexts. It is important to adjust them for use according to the size, culture, and structure of each type of organisation. The next step is systematic diffusion and policy alignment, linking quality of management explicitly to competitiveness, innovation, and long-term value creation.

By elevating leadership teams' professionalism and management know-how from soft skills to strategic infrastructure, Europe can strengthen productivity, increase the return on investment in innovation and digitalisation, and build more resilient, adaptive, and high-performing organisations.

Rooted in European soil: socio-economic realities, management traditions, and core values

Any European framework must reflect the continent's specific structural characteristics: a strong emphasis on social cohesion and inclusion; a highly skilled but ageing workforce; a demanding young generation; complex multi-level governance systems; and a stakeholder-oriented economic model. These features call for a management approach that balances performance with long-term responsibility and social legitimacy. The objective is not short-term optimisation, but sustainable competitiveness embedded in institutional stability.

Europe has a rich and diverse management heritage that constitutes a genuine asset. Germanic models bring quality orientation, engineering excellence, and co-determination. Nordic models contribute trust-based leadership, flat hierarchies, and strong employee autonomy. The French tradition offers strategic state capacity and elite public administration. Across the continent, stakeholder capitalism has fostered a long-term orientation and a culture of social partnership that distinguishes European management from more shareholder-centric approaches elsewhere.

This heritage is complemented by a robust set of existing frameworks and reference points, including the EFQM Excellence Model, the Common Assessment Framework for public administration, and ISO quality and governance standards. European business schools – among them INSEAD, HEC Paris, London Business School, IESE, SDA Bocconi and Frankfurt School of Finance & Management – consistently rank among the world's top institutions, integrating international best practices with European institutional realities. Together, these traditions, methods, and institutions provide a strong foundation on which a coherent European framework of management excellence can be built.

What is more, European values are not only compatible with high-quality management principles – they can be explicitly embedded in management practice. Management shapes organisational culture, employee behaviour, and relationships with stakeholders and society. Core European values – human dignity, freedom, democracy, equality, and the rule of law – can be translated into concrete operational practices at the enterprise level, as illustrated in Table 2.

Table 2. Translation of values in the managerial context

Values	Example of Organisational Practice
Respect	Fair treatment and safe work environments
Cooperation	Team-based work and structured employee feedback
Diversity	Inclusive recruitment and promotion processes
Responsibility	Long-term investment decisions serving general public interest
Solidarity	Workforce involvement during transitions
Discipline	Clarity of objectives, processes, and accountability
Ethics	Strict integrity standards and transparent governance

Such principles can be integrated into performance monitoring and reporting frameworks. If generalised across European enterprises and public institutions, they would not only strengthen organisational performance but also reinforce social trust and Europe's credibility on the global stage.

What good looks like: defining high-quality management for Europe

To ensure consistency with Europe's institutional environment and values, a clear and shared definition of European high-quality management is required. Policymakers, chief executives, academic experts, and social partners are well placed to jointly specify the characteristics of a European Management Capabilities Initiative – one rooted in professional competence, ethical leadership, and long-term strategic orientation.

Research by the McKinsey Global Institute identifies two archetypes of high-performing organisations: a highly goal-driven, top-down model, often associated with higher attrition and lower people-oriented returns; and a demanding but collaborative people-centred model that combines strong financial performance with better employee outcomes and greater resilience during economic shocks.15 While both can be profitable, the people-oriented archetype demonstrates superior resilience in crisis conditions – a feature of particular relevance in the European context.

15 A. Madgavkar, B. Schaninger, D. Maor, O. White, S. Smit, H. Samandari, J. Woetzel, D. Carlin, & K. Chockalingam (2023), 'Performance through People: Transforming Human Capital into Competitive Advantage' (McKinsey Global Institute), https://www.mckinsey.com/mgi/our-research/performance-through-people-transforming-human-capital-into-competitive-advantage.

A working definition of European high-quality management could therefore be articulated as follows: professional and ethical leadership of organisations that deliver sustainable economic performance; alignment of organisational behaviour with European values; integration of economic, social, and environmental objectives; and encouragement of cooperation, learning, and innovation. This definition rests on six core principles: professional competence and merit-based leadership coupled with a performance-oriented rewards systems; ethical responsibility and accountability; respect for people and diversity; social dialogue and cooperation; long-term strategic orientation; and continuous learning and improvement.

Europe already possesses the tools, the evidence base, and the institutional capacity to act. The next step is to translate this potential into action by elevating management excellence and rewarding of performance to a core component of its competitiveness architecture.

Raising standards: why SMEs and smaller public bodies must come first

While the framework outlined above applies across the full range of European organisations, the primary beneficiaries should be the smaller players. SMEs and smaller public administration units do not match large corporations in terms of quality of management,[16] yet they represent the backbone of the European economy. For this reason, the tools and approaches made available to them must be simple, accessible, and unencumbering.

Bringing a significant share of SMEs to even a basic level of managerial competence – establishing clear objectives, defining responsibilities and accountability, and monitoring execution with appropriate regularity – would have a substantial impact on the broader economic ecosystem. The ambition need not be transformational overnight; raising the standards of management quality across Europe's smaller organisations is, in itself, a high-return policy objective.

16 N. Bloom, & J. Van Reenen (2010), 'Why Do Management Practices Differ Across Firms and Countries?', Journal of Economic Perspectives, 24(1), 203–224, https://doi.org/10.1257/jep.24.1.203.

The European Management Capabilities Initiative (EMCI) strategy

Three objectives that define the EMCI's ambition

The EMCI should pursue three core objectives that together define its strategic ambition.

First: make leadership development an economic priority. This means recognising management quality as a structural determinant of competitiveness at both EU and national levels, and integrating performant management capability into industrial policy, innovation policy, SME policy, and public-sector reform strategies. Management excellence must move from the margins of economic policy to its centre.

Secondly: establish a European Management Capability Framework (EMCF) – a coherent framework that defines principles and benchmarks for organisational performance, is applicable to enterprises and public administrations alike, and integrates sustainability, digitalisation, and social responsibility. Over time, this framework could serve as a global reference for responsible, high-performance management.

Thirdly: systematically measure the impact of management quality on competitiveness. Dedicated mechanisms should track the relationship the former has with productivity growth, innovation performance, talent attraction and retention, crisis resilience, and public-sector efficiency. Evidence generation is essential both to maintain political credibility and to guide policy refinement over time. Without measurement, ambition remains aspiration.

Rewarding management quality in the EU funding context

The most direct way to raise management quality across European enterprises is to make it worthwhile. EU financial instruments – including InvestEU, Cohesion Policy, and Innovation Programmes – could incorporate corresponding elements in project evaluation. Relevant criteria might include transparent governance structures; professionalised boards, particularly in SMEs and family firms;

leadership development systems; employee engagement and organisational health practices; and continuous improvement frameworks. The approach must remain incentive-based rather than regulatory, voluntary, and benchmarking-oriented. At the same time, it should not increase the administrative burden – the last thing needed is to create more bureaucracy. Management-related criteria should be introduced alongside simplification of existing procedures, not layered on top of them.

Beyond funding criteria, structured EU and national co-financing programmes could support managerial and organisational upgrading, particularly for SMEs, strategic industrial ecosystems, and less-developed regions. Eligible activities could include organisational diagnostics and redesign; implementation of recognised management frameworks such as EFQM, Lean, and quality excellence models; leadership and middle-management development; and change-management support during digitalisation or AI transitions. These programmes would directly enhance firms' capacity to absorb and convert innovation investments.

For the smallest enterprises, a targeted and simple mechanism is needed. EU-supported management vouchers would enable SMEs to engage accredited consultants, European business school partnerships, and peer-learning and mentoring networks. Administrative simplicity must be prioritised to ensure meaningful uptake – complexity is the enemy of diffusion.

Good governance: the state must lead by example

Public administration quality is not a secondary concern – it is a direct competitiveness factor. Administrative capacity, execution reliability, and leadership quality shape the effectiveness of every EU and national reform. Weak public management does not merely slow delivery; it actively undermines the return on public investment.

A targeted set of measures would address this dimension. Management quality criteria should be integrated into the recruitment and promotion of senior public managers. Cross-border peer learning and administrative exchanges should be systematically strengthened. Management indicators should be included in EU fund absorption and performance reviews. Culture-first reform projects should be piloted in selected administrations with measurable outcomes. And EU-supported leadership development programmes – designed and delivered in partnership with leading European business schools and public administration institutes – should be established as a standard instrument of public-sector reform. Governments that invest in management quality signal seriousness about results.

Building the architecture: frameworks, facilities, and skills

Sustaining management quality improvement at European scale requires institutional architecture – but not new institutions. Three interconnected instruments, built deliberately on what already exists, would form the backbone of this initiative.

A European Management Capability Framework (EMCF) would define shared principles and benchmarks applicable to both enterprises and public bodies, integrating sustainability, digitalisation, and social responsibility while building on existing European models (EFQM, CAF) and ISO standards, to avoid duplication. It should remain voluntary but incentivised and could encompass European codes of managerial conduct as well as cultural and engagement benchmarking integrated into ESG reporting, periodic culture audits, structured feedback systems, and certification standards for leadership professionalisation.

A European Management and Culture Innovation Facility (EMCIF) would fund cross-sector management capability projects, benchmark productivity and resilience gains from managerial capabilities improvements, support cross-border partnerships, and help establish a common European standard for people-centred, high-performance management. It should align with InvestEU, ESF+, and post-RRF instruments.

On skills and training, the EMCI should support joint programmes between business schools, public administration institutes, and employers; scaled executive and MBA-lite programmes focused on coaching, digital leadership, and AI governance; peer-learning networks; and European certification pathways for management professionals, modelled on established chartered professions. Member States should treat this investment as strategic infrastructure – particularly in SMEs and public institutions across Eastern and Southern Europe, where the returns would be greatest and the current gaps most significant.

AI as Europe's management accelerator

The rapid development of artificial intelligence creates significant opportunities to enhance management capability, decision quality, and organisational adaptability – and Europe should seize them on its own terms. Within the EMCI framework, AI can function as a structured support tool across four key areas.

In organisational diagnostics, AI enables advanced analysis of engagement and climate surveys, detection of cultural patterns and risk signals, identification of operational bottlenecks, and skill-gap mapping across the workforce. In decision support, it provides scenario modelling and stress testing, resource allocation optimisation, supply-chain and operational resilience forecasting, and innovation portfolio prioritisation. In leadership development and talent management, AI-assisted coaching tools, behavioural analytics, simulation-based training, and bias detection in HR processes can meaningfully strengthen individual and organisational capability. In public administration, AI can support the monitoring of policy implementation, process simplification, and data-driven analysis of fund absorption and programme performance. Used responsibly, these applications can improve managerial precision, speed of adaptation, and evidence-based decision-making across the economy.

AI integration under the EMCI must nonetheless align fully with European regulatory and ethical standards. AI systems should comply with EU data protection rules and AI governance frameworks, including the EU AI Act. Human accountability and final decision authority must remain central. Transparency, explainability, and auditability must be ensured throughout. AI should augment – not replace – managerial judgement and responsibility. Where strategically relevant, preference should be given to secure, European-based AI ecosystems. This approach positions Europe not only as a regulator of AI, but as a global leader in ethical, human-centred, performance-enhancing AI-assisted management.

Amplifying what already exists: EU policy architecture

The EMCI is designed as a horizontal strengthening mechanism embedded within existing EU policy architecture. It complements and amplifies current initiatives by enhancing execution capability at organisational level. Table 3 suggests some amplifying factors within the diverse current EU policy frameworks.

Table 3. Enhancing policy impact

EU Policy	Amplifying Factors
Single Market Strategy	Strengthening firm-level scalability and competitiveness
Industrial Strategy and net-zero initiatives	Improving managerial capability to execute complex transitions
SME Strategy	Supporting structured managerial upgrading
Cohesion Policy	Reinforcing regional administrative and enterprise capability
European Social Fund Plus (ESF+)	Financing leadership development and lifelong learning

Digital Europe Programme	Enabling integration of AI-supported management tools
Recovery and Resilience instruments	Improving the quality of execution of public-sector project management
Sustainable Finance and ESG frameworks	Aligning engagement, inclusion, and workplace quality metrics
EU AI Act	Establishing a trusted governance framework that enables secure, human-centred AI adoption in management systems

The EMCI does not require the creation of new institutional structures. It operates as a performance-enhancing layer across existing instruments, strengthening their impact through improved management capacity. Its value lies precisely in this horizontal reach.

Making it happen: governance, stakeholders, and accountability

Effective implementation of the EMCI requires coordinated, multi-level governance involving a broad range of institutional participants. No single actor can deliver this agenda alone and none should be expected to – its strength lies in the coherence of collective action across institutions, governments, businesses, and civil society.

A coalition for change: who needs to act and how

The EMCI's ambition is horizontal by design – it spans institutions, governments, businesses, and civil society. What is required is not a new bureaucracy but a coalition with clear roles, shared incentives, and genuine political commitment at every level.

The European Commission is a natural reference point. It has the mandate and the instruments to embed criteria for the quality of management across EU funding, coordinate cross-sector benchmarking, and generate the evidence base that will sustain political support over time. EU agencies and expert groups would provide the technical backbone – developing indicators, sharing best practices, and ensuring methodological coherence across Member States. The European

Parliament and Council, where relevant, provide the political roof: endorsement, alignment with legislative priorities, and the signal that this agenda is taken seriously at the highest level.

Member States are where ambition becomes reality. They are responsible for translating the European framework into national contexts – integrating quality of management into industrial, SME, innovation, and administrative reform policies, and driving regional diffusion through cohesion and national funding instruments. European frameworks only deliver results when governments treat them as their own. National ownership is not optional; it is the condition on which everything else depends.

European business schools, public administration institutes, and professional associations are the knowledge engine of the initiative. They are best placed to develop methodologies that integrate European values and EU-based AI tools, deliver executive-level and SME-focused programmes, facilitate cross-border peer learning, and build the certification pathways that will professionalise management as a discipline across the continent.

Finally, social partners are the guarantee of legitimacy. Their role goes beyond consultation – they co-design standards, promote workplace dialogue, ensure that productivity objectives remain aligned with social cohesion, and monitor the impact of reforms on working conditions and organisational culture. In a European initiative of this kind, their involvement is not a procedural requirement. It is what makes reform durable.

What success looks like

If effectively implemented, the EMCI could increase productivity across SMEs and mid-sized firms; improve innovation absorption and digital transformation capability; strengthen organisational resilience during economic shocks; enhance public-sector execution capability; reduce regional performance disparities; align organisational practices with European social and ethical standards; and improve Europe's attractiveness for talent and investment. These are not abstract ambitions – they are measurable outcomes, and the credibility of the initiative depends on treating them as such.

A phased implementation approach is recommended. An initial period of 3 to 5 years would focus on selected Member States, sectors, and public administrations, with an interim evaluation after 18 to 24 months and gradual scaling based on demonstrated productivity and organisational performance gains. Throughout, the approach should remain outcome-oriented rather than compliance-driven, light in administrative burden, and grounded in continuous improvement principles.

A credible monitoring system is essential to ensure measurable impact. Key components would include the development of common indicators for quality of management and organisational performance; regular benchmarking across Member States and sectors; integration of management-related metrics into relevant EU funding reviews; evidence-based policy adjustments and iterative improvement cycles; and independent evaluation mechanisms where appropriate.

Indicators could be organised across five families: governance quality indicators, covering board professionalisation, transparency practices, and decision-making clarity; leadership and engagement indicators, including employee engagement indices, structured feedback systems, and leadership evaluation practices; management capability indicators, such as training intensity and leadership development participation rates; innovation conversion indicators, measuring the rate of transformation of R&D investment into marketable outputs and the speed of digital adoption; and organisational resilience indicators, capturing adaptation speed during shocks and workforce retention during downturns. All indicators should prioritise comparability and simplicity, building where possible on existing EU statistical and reporting frameworks rather than creating parallel systems.

Conclusion and call to action

Europe's competitiveness challenge cannot be resolved through capital mobilisation, regulatory reform, or technological investment alone. These measures are necessary, but their effectiveness depends fundamentally on how organisations are led, governed, and managed. Without execution capacity, even the best-designed policies underdeliver.

Management quality is the invisible infrastructure of productivity, innovation, resilience, and trust. It determines whether Europe's investments generate the returns they are designed to produce – and whether the ambitions set out in frameworks like the Draghi Report translate into outcomes that citizens and businesses actually experience.

By promoting a distinctly European model of management – professional, ethical, inclusive, and performance-oriented – the EU can strengthen its competitiveness while remaining fully aligned with its social and democratic values. This is not a trade-off. It is an opportunity to demonstrate that high performance and high standards are mutually reinforcing, and that Europe's institutional traditions are an asset, not a constraint. Over time, just as 'Made in Europe' signals quality of product and 'Made with Europe' signals quality of partnership, a third marker could take its place alongside them: 'Managed as in Europe' – a standard that signals reliability, ethical governance, long-term thinking, and genuine care for people. That is a brand worth building.

The European Management Capabilities Initiative offers a pragmatic, voluntary, and institutionally feasible pathway to act on this opportunity. It does not require new regulatory burdens or new institutions. It requires coordination, incentives, benchmarking, and professionalisation – instruments that Europe already knows how to use. The logical next step is to pilot its deployment in selected Member States and sectors, quantify the resources required, and measure the impact generated.

The broader ambition is worth stating plainly. A Europe where organisations are better led is a Europe that innovates faster, executes more reliably, and competes more effectively. Investing in management excellence is investing in Europe's capacity to deliver on its promises – and in a model of leadership the world may come to see as a standard.

Author bio

Radu Mihail is a senior executive and advisor with over 25 years of international experience across industry, public service, and entrepreneurship. His work focuses on strategy execution, governance, and talent and organisational development, with a strong track record in leading complex, multi-stakeholder environments.

He currently supports CEOs and leadership teams of European SMEs in scaling operations, developing international partnerships, and structuring sustainable growth. He also advises organisations in technology-intensive sectors on governance, innovation, and performance.

From 2016 to 2024, he served as a Senator in the Romanian Parliament, where he held senior leadership roles including Chair of a parliamentary group and member of the Conference of Presidents. He was actively involved in international cooperation, representing Romania in the OSCE Parliamentary Assembly and contributing to European-level initiatives.

Earlier in his career, he held executive roles at CGG (now Viridien) and Motorola, leading global teams and cross-border initiatives in innovation, product development, and organisational development.

Vlad Botos is a senior adviser and consultant in strategic areas for the European Union such as energy and defence, helping companies find new markets and new customers, both within the EU and outside the single market.

In 2019–2024 he was a member of the European Parliament as vice-president of the Regional Development Committee and member of both the Internal Market and Consumer Protection Committee and the Culture and Education Committee. He was deeply involved in various dossiers as co-rapporteur of the European Parliament on the Products Liability Directive.

Before being elected to the European Parliament he was active for over 10 years in the European automotive industry as manager of factories in Romania and Bulgaria. He is currently the founder and owner of a consulting company for potential clients who want to invest in Europe, especially in Eastern European countries.

Maria Ionescu is a policy advisor and researcher working at the intersection of governance, public administration, and political economy. Her work focuses on how states adapt to structural pressures – economic, institutional, and technological – and on developing more effective, credible public policy responses in complex environments.

She currently serves as Policy Advisor in the Romanian Parliament, contributing to legislative work and policy development in areas such as digitalisation, technology, and administrative reform. Maria is also Vice-President of the NGO O Țară ca Afară, where she leads the development of Comunitatea Liberală 1848, a platform dedicated to policy analysis and liberal thought. Her work there focuses on shaping narratives and making complex policy debates more accessible to a broader public.

She holds a BA in European Social and Political Studies from Sciences Po and University College London, and an MA in Management with Business Innovation from the University of London.

About ELF

The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 56 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks and other experts. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different EU stakeholders.

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