

Management at the 21st Century

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*„The reasonable man adapts himself to the world:
the unreasonable man persists in trying to adapt the
world to himself. Therefore all progress depends upon
the unreasonable man“*

George Bernard Shaw

Abstract: The 21st Century's business environment differs significantly from the previous decades. The new Post-modern era is more dynamic, uncertain and confusing. This convulsive and global oriented environment requires improving and introducing more sophisticated techniques into management theory and practice.

Advanced Management is an art; which combines logical concerns with intuitive comprehension. It should focus on leading and inspiring people and carrying out missions that computers and robots cannot undertake.

Keywords: management, technology, globalization, intuition.

Introduction

Following the above G.B. Shaw citing I argue that when “ **progress depends upon**

the unreasonable man” only a **highly qualified manager** could direct those unreasonable persons who are the innovation's agents, and lead them to progress and prosperity. The primary task of Management study, therefore, is to prepare and train these highly qualified managers and to teach them how to

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develop and lead these unreasonable but creative individuals.

A momentous contribution to the study of advanced management was given by **Peter Drucker**, (1909-2005), "**The man who invented Management**" (Business Week 2005). He was awarded, by 2002, the Presidential Medal of Freedom by President G.W. Bush, as a prominent scholar who concluded eighty years of advanced management teaching.

For better understanding the origin of Management teaching it is helpful to follow the well known Harvard Business School, which divides the 20th Century modern management thinking into six periods:

- a. **Scientific Management – 1922 - 1932,**
- b. **Government Regulation –1933-1946,**
- c. **Marketing and Diversification – 1947 – 1959,**
- d. **Strategy and Social Change – 1960 –1971,**
- e. **Competitive Challenge and Restructuring 1972 –1988,**
- f. **Globalization and Knowledge – 1989 – 2000.**

It is my belief that because the tremendous changes taking place in the 21st Century time comes to offer a novel management paradigm while reconstructing an advanced management thinking and practice.

Using former instruments for treating and nurturing Post-modern phenomena does not fit the prevailing conditions and does not provide appropriate solutions.

Common wisdom today agrees that leading successfully the business and the public-non-business sectors demands a **new management paradigm**.

After shortly discussing the meaning of

the 21st Century reality, this article portrays some guiding lines for the new management paradigm.

The 21st Century Business Environment

Every discussion on a socio-economic subject must be linked to the relevant period. Many cultural, social and individual values change over time and they affect also management thinking. For that reason it is necessary to explore the prevailing changes in the business and non-business environment and then to deduce how they affect the management profession.

The Modern era, which lasted some hundreds years, came to its blossom at the second half of the 20th Century, when many believed that technology gave human-beings the ability to run the World. This development results with adopting two major lines of thought, which lasted years in Europe:

1. Organization's superiority over Individuals.

Many in Europe were caught by the false idea that science and technology promote organizational life and prefer social structures rather than maintaining individual liberty. This belief led to the acceptance of two extreme ideologies, the Fascism-Nazism and the Communism, which ruled over Europe for many years. But even after the collapse of the dictatorial regimes and despite the French heritage of "Liberty Equality and Fraternity" and the British tradition of Democracy, many of the modern writers and scholars perceive people as building blocks of a social structure.

2. Superiority of Logical and Scientific thinking over Arts and Cultural teaching.

The remarkable achievements of Science and Technology at this time support the social tendency to base many academic and theoretical activities on scientific foundations using scientific methods for analysis and explaining. Management, as a social instrument, was also part of this scientific approach as its role was defined by one of the early writers in the field. **Management** role was: "to forecast and plan, to organize, to command, to coordinate and to control" (Henri Fayol 1916).

But, ironic enough, the sophisticated instrumentation and the advanced techniques developed by science, have demonstrated to open minded scientists the limits of logics and rational thinking. The advanced observation methods indicate that sometimes Nature behaves unpredictably and in irregular patterns.

These observations hasten the quest for a new paradigm one, which rests on **Chaos Perception, Fuzzy Reality, the Butterfly Effect, the Fractal Geometry and the Complex Systems Perspective**. More and more scholars were convinced that both physical and social nature have some hidden rules and guidelines that not always fit into the rational scientific ways of thinking.

So developed the **Post-modern approach** that first embraces the physical complex and later refers to cultural and social structures. The 21st Century World faces, therefore, a new very dynamic reality. It is, an **uncertain reality**, which is **permanently in transition** and contains **unpredictable transformations, continual developments**

and **simultaneous occurrences**.

The Business Environment, which naturally is part of the whole Socio-economic complex, changed also in the 21st Century. Below are three processes, which mostly affect the business world today:

1. **Technological** achievements – the enormous results emerged from the scientific advancement

2. The **Globalization** intensification – the new division of labor and increase of international trade

3. **The Victory of Democracy** – it became the leading political regime in most of the world's nations.

The Post-modern 21st Century **Business world of the West**, which operates within a very dynamic and changing environment, faces also a different type of people. It has to be able to serve affluent educated free citizens, which have many choices and have the resources to purchase almost everything they wish. For demonstrating the significance change occurs in the 21st Century, it is suffice to observe the change in the ultimate power of decision in an organization. **Most of this power moves dramatically from top management level to the customer and consumers preferences**. It matter less what the top managers says, it is much more crucial for the organization to well understand the preference of its customers. **The downward move of the firm power of choice and the change of the location of decision-making process is one of the important yardsticks characterizing the 21st Century organizations.**

Management at the 21st Century

The traditional modern Management teaching contains four major undertakings:

Goals and Strategy Setting, Implementation and Organizing, Human Resources Development, and Monitoring and Controlling.

This set of activities and in this sequence were taught and delivered by most of the Business schools. Traditionally, management was perceived as a method for running and adjusting three major groups of production means: raw materials, manpower and finance. Many techniques were developed for assisting managers to carry out this duty. For fifty years the external setup was steady, the rules of the game were clear and even the severe competition was led on a solid ground of mutual understanding.

In the 21st Century most of the surrounding conditions changed and the whole business environment became uncertain and very dynamic.

Due to Technology, Globalization and Democracy, people in many countries are more knowledgeable and they began realizing their civil freedom and their power of choice as customers. The traditional theory of Economics of Scarce Resources lost most of its relevancy and the Economics of Affluence is replacing it. Thus, the Supply-Side Economics increased its influence since it provides better tools for understanding the new reality where goods, manufacturers and services are in affluence.

The strong impact of **technology, globalization** and **democracy** also hastened the deterioration of the superiority assumptions of organized life and of rational thinking. The affluent, knowledgeable and free society of the 21st Century promotes **individuality** and accepts many **holistic** and **intuitive** arguments that emerge from feelings and beliefs. Thus, advance management theory and

practice were forced to adjust themselves to act within a new framework. Although many old fashion managerial methods are still in use, many others, especially global and transnational corporations adopt and practice the following advanced management concepts:

Planning: Goal Setting and Strategy Formulation – two main changes

A. Widening the scope of organization's concern. Whereas in the past management was concerned mostly with the organization's area of activity, today it has to comply with many external constraints: First come the physical environment and the surrounding infrastructures. No body will dare today to plan or to run operation, which does not comply with environment restrictions.

Second are the social and communal constraints and demands, which affect running and future activities. A growing number of leaders understand today that in order to survive and succeed every organization should formulate its **vision** and must stick to it. This vision, which must openly be stated, should coincide with the firm's social environment and meet its cultural tradition.

Thirdly are the international and rational rules and directives, which gain a growing influence in today's global economy. The EU, for example, forces its state members to follow its directives, even if or when they do not concur with the country original ruling. Resulting from these changes goal setting and strategy formulation by top-level management become much more complicated.

B. Shortening the long term planning. Due to the rapid advancement of technology there is no more justification for the traditional long-term planning and designing. The main reason for that change is that dur-

ing such a period (25 years) changes in many fields of activity are foreseen: demand may change, competitive products may appear, processing, storage and delivery systems may be obsolete and need to be replaced and in fact the whole business environment would be different. Thus, in most organizations the appropriate long term planning period should be 10 years, while in some high-tech. industries it would even be shorter.

Implementation: Organizing the Operations

Because of the above factors, not only planning is complicated, but, rather, managing all the operation is more complex. The old former processes of combining raw materials labor and capital for manufacturing industry or providing a given service by administering local resources do not suffice any more. The Global economy forces to use international resources, deepens the transnational competition and shortens time of delivery.

The **Supply Value Chain** of every organization is a good example for the new trade reality. Due to the communication and transportation rapid development and by adopting computerized planning methods the storage and stock policy should be changed. The new approach, termed "Just in Time" (JIT) teaches that there is no need to keep large stocks of components and sub assemblies since all the required materials could be delivered in real time and good quality. Introducing such methods into a working organization is not an easy task but it is critical for advanced management.

The new reality affects both the supply and the demand sides of the economy. At one hand it increases the range of choice and the

resources' availability, but on the other hand, it enacts a more capricious demand, which wants more goods and services in shorter time. Since the "rules of the game" are not so clear and relevant always, the player, the director or manager, must be **more open-minded, more attuned to changes and more aware to unforeseen dangers**. Competent managers must be more **informed and knowledgeable** on one hand, but also more **flexible and aware of their experience and intuition**. Nobody is free of making mistakes, in fact they are part of the learning curve, but the **competent, creative and energetic manager** should be able **to react fast and correct mistakes at any moment**.

Human Resource Developing

Traditional management teaching perceives the management of manpower similar to the management of other means of production. While designing an organization, a job description was written containing all the responsibilities and obligations. Recruiting, teaming and performing were conducted in accordance with written guidelines and the status of every member in the organization was clear and accepted.

People were treated as pawns on the chessboard, as subordinates in a bureaucracy or minor members of an organization while directors and managers were second to God.

Progress changed this situation. Big industries and organizations understood that in order to improve the organization's performance they should change their perspective on people. Changing the term of manpower management into **Human Resource Development** well demonstrated the transformation the area had passed. First, most organizations recognize the crucial task and duties

of the people who are in touch with them. It became a matter of common wisdom realizing that organizations must take into account all stakeholders with whom they are in contact. These stakeholders are employees and managers, suppliers and subcontractors, competitors, substitutes and complementary products manufacturers, bankers, brokers and stockholders. Another point in this transformation is the fact that today the different groups change their roles as one group replaces the other. Employees can become subcontractors and competitors could turn to be suppliers.

Secondly, as part of the general public, many of the organization's employees today are better educated, they are individuals who live in more knowledgeable communities and maintain a higher standard of living. As free citizens of 21st Century Democracies they have social and cultural aspirations, which surpasses the mere meeting of elementary survival. Those who wish to lead these people must, therefore, be aware of the new social and cultural challenges of the 21st Century.

Thirdly, Twenty years ago Peter Drucker has introduced to management theory the term of "Knowledge Society". Today everybody understands the importance of knowledge and Information Communication Technology (ICT) in all walks of life. Similarly, many agree upon the need to learn and the term of "Long Life Learning" (LLL) became very popular in many instances. Since technology advanced so fast and new practices appear simultaneously, one must keep him or herself professionally abreast if they wish to keep themselves relevant. Thus, **learning** and **training** become key factors in developing human resources and they constitute an

indispensable part of advance management.

Monitoring and Controlling

The amount of information available today to managers is tremendous. Due to the computers and all the Information Technology (IT) instrumentation managers are bombarded with unlimited flow of data. As a result from this data revolution mid-level managers in many organizations lost their jobs. Top-level executives can get today on their computer screen and in real time, almost any information they need, without involvement of lower managers. In addition, because of the dynamic character of the business world today, time is also very crucial, since present important news may be obsolete tomorrow.

In such situation, **defining the relevant information needed** becomes very crucial. Thus, **How to choose what data is needed?** Becomes a key question for managers. The best way for deciding what is the important information can be done by identifying key measures and mile stones on the main tracks of the organization's activity. These mile stones should be scattered along the input or supply chain, within the manufacturing processes and along the output, delivery and sale channels.

The control or check points should provide information in both physical units and financial values. Using only one type of measure may lead to an error or a misunderstanding. It is also necessary to set up a meaningful timetable for reporting. Since too much repeated information may lead to negligence while too long intervals in reporting may make it obsolete and of little use.

As a conclusive rule of thumb it makes sense to say that the 21st Century **advanced**

manager are equipped with all the technological equipment required for making good decisions. But in addition to all this instrumentation, **advanced managers must listen to their intuition and must be able to lead and inspire the people they work with in accordance with the organization's vision. Favorable external conditions and good luck** are always very helpful assistants.

Conclusion

Management at the 21st Century is much more complicated than in the previous years.

The main reason for this complexity is

the significant changes in the world, which moves from local almost autonomous economies, into a global transnational economy. Technology, globalization and democracy, which initiate and inspire that move, also affect the nature of Management. Management at the 21st Century Post-modern world is no more a mere rational mode of operation, which runs within a fixed framework of rules and instructions. **Advanced Management today is an art; which combines rational concerns with intuitive comprehension. It should focus on leading and inspiring people. Competent managers** are required to carry out missions that computers and robots cannot fulfill.

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