

# Contemporary issues in management

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**ABSTRACT:** Millions of men and women spend their time as managers in diverse organizations and are confronted by complex challenges as they perform their routine functions. Removal of trade restrictions, privatization and integration of national economies with the world economy have made jobs of managers and employees more challenging as well as rewarding. As a growing social discipline, management theories and practices have also undergone a sea-change. As obvious, a large number of management gurus have been contributing towards the development of management theories but unfortunately many contributors were overshadowed by others in their life time. The world recognized their contributions only decades after their death. The scientific theory of management developed by Taylor and, of course, by others dominated for most of the twentieth century. But by the late 1980s, most of the assumptions held by experts as valid, became obsolete. According to P.F. Drucker, father of 20<sup>th</sup> century modern management, neither individuals nor organizations can be successful if they stick with the old assumptions just as the horse and carriage can no longer compete with the automobile.

**Keywords:** Ethics; multiculturalism; social discipline; privatization and integration; management gurus; protective barriers; reengineering; freebee.

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## INTRODUCTION

Millions of men and women around the world spend their days as managers in diverse organizations. They are confronted by endless challenges as they strive to perform their routine functions. Management approaches require one to keep abreast of the times. However, the time had never been so challenging and, of course, so rewarding as it is today. In India the challenges emerged with the opening up of the economy which presented both pressures and opportunities. One of the major pillars supporting Nehruvian model of growth, Dr. Manmohan Singh, himself dismantled the said model and has created a capitalist El-Dorado. Strategic sectors like Telecom, oil sector etc. have been thrown open. The foreign multinationals are bee lining to woo the same customers resulting in cut throat competition at the same time eager to collaborate in the field of research and development. To cap it all, all the national as well as regional political outfits are forced to join the chorus, when it comes to economic course of action.

The rewards come from knowing that effective and efficient management can make a real difference. Priority is given to innovation of newer products and services, by developing a team of committed personnel and thereby meeting the increasing expectations of the public, as also the government. In this article I have tried to highlight the changing role of managers in the 21<sup>st</sup> century, and the major issues which they need to be aware of. The most accepted management process popular since the advent of twentieth century has been to define management in terms of its four basic functions – Planning, Organizing, Leading and Controlling. This functional definition is, of course, reasonable but calls for innovation and adaptation to present day altered business environment. The newer vistas and challenges emerged from the present day world integrated economy. Some of the basic contemporary issues of management are discussed below. They call for the transformation of the hitherto efficient managers into more effective ones.

**VISION:** The revolutionary changes in technology and telecommunications have virtually shrunk the world. With increasing regional cooperation and dismantling of protective barriers of the economy, newer opportunities have emerged. A vision for living through and benefiting from these changing circumstances is important to any manager. For instance, the venturesome in the automobile industry, a taboo two decades back, have become a regular feature today. The so called cost effective Chinese Automobile industry is being challenged in India by visionary Mahindra & Mahindra with their latest Scorpio. It is managerial vision that exploits existing opportunities.

**RENOVATING AND REVITALIZING THE ORGANIZATION:** The dynamic managers should always keep striving for finding out ways to unleash the creative potential of their employees, as also their own. The organization necessarily needs to adjust itself to the changing environment and manager should give it desired direction.

Being a growing discipline, management theories and practices have been evolving over time. A number of management gurus have been contributing to its development but unfortunately many of them were overshadowed by others in their life time. As is well-known, no theory is a product of a single mind nor can it exist without context. F.W. Taylor, father of scientific management, has been regarded as one of the most influential management thinkers of the twentieth century though Henry. Gantt and Frank and Lillian Gilbreth also contributed in the development of scientific theory. Taylor used his engineering background to develop the theory of scientific management and used it for reducing waste and increasing efficiency in production which benefited not only the business but employees and society in general. According to him scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way. Max Weber embellished the scientific management theory with his bureaucratic theory and focused on dividing organizations into hierarchies establishing strong lines of authority and control.

In the same way, the essential message of Thomas J. Peters' book *'In Search of Excellence'* (1982, co-author Robert H. Waterman) concentrates on people, customers and action. They found eight fundamental principles for excellence that are still applicable for companies today. The primary idea espoused was that of solving business problems with as little business process overhead as possible and empowering decision-makers at multiple levels of a company. Peters' book *'Liberation Management'* (1992) challenges the kind of rigid organization structure that inhibits peoples' creativity.

In 1990, the idea of Business Process Reengineering (BPR) was given by Michael Hammer and other management thinkers and thereafter, it became very common phenomenon. It is defined as the fundamental rethink and radical redesign of business processes to generate dramatic improvements in critical performance measures – such as cost, quality, service and speed. The idea is that managers should obliterate non-value adding work, rather than using technology for automating existing work. Technology, in general, and more specifically information technology, should be used as an enabler for making non-value adding work obsolete. Michael Hammer's *Reengineering the Corporation: A Manifesto for Business Revolution* (1993, co-author James Champy) revolutionized the business world. Information technology has historically played an important role in the reengineering concept. It is considered by some as a major enabler for new forms of working and collaborating within an organization and across organizational borders. Even well-established management thinkers, such as Peter Drucker and Tom Peters, accepted and advocated BPR for achieving success in dynamic world.

In fact, the managers need to consider and evaluate every process and function of organization to make the organization more effective and competitive in the market. Over and over again, the employees need to be motivated as de-motivation sets in almost automatically with the passage of time.

**ENVIRONMENT SENSITIVITY:** The new generation managers need to be cautious not only about the internal environment of the organization but should also give the attention to the upkeep of nature and environment outside the organization. If a number of United Nations Conferences on Environment and Development or Sustainable Development held at different place are any indications then the future business world will have to attend to environmental needs more vigorously. Thus, management will have to address itself to this issue with more affirmative actions.

**ETHICS & SOCIAL RESPONSIBILITIES:** The new generation managers shall have to pay close attention to virtues and values that guide people and organizations. As already mentioned, Tom Peters and Waterman are the initial propounders of this concept. The concept advocates that the managers should be sensitive to prevailing culture and evolve a coherent framework within which employees may see appropriate adaptation. They will have to exercise moral courage by placing the value of excellence because it is not always sufficient for the managers to outperform their competitors. The new era of management practices may call for cooperation amongst the competitors in fields like research and development. Thus, ethics and values will have to be adaptive to the new management approach perceived over time.

**INTENSIFIED COMPETITION IN INPUT MARKET:** With the emerging globalizing trends, the extent of competition has not only intensified in the field of output market, but in the input market as well. Bigger economic fishes are out to control input/resource market as well. The aggressive posture of Reliance in the field of oil & petroleum is one such example, and setting a precedent for other organizations and management. The new era managers will, thus, have to be careful and strategic not only in competition in the output market but need to be vigilant for their sources of inputs as well.

**HUMAN RESOURCE DEVELOPMENT:** In this era of fast technological advancement, the development and retention of human resources has become a major issue. No organization may dare to strive for excellence in the absence of professionally qualified manpower. The competent employees' turnover in the companies is reasonably fast and it is one of the ticklish issues for the managers to recruit, develop and retain good employees and seek their betterment. Given the current level of morality shown in the behaviour of business people today – business leaders in particular – what is needed is a change in managerial perspective. A change from the prevailing concern with one's own well-being – how much one has, or can get for oneself – to include a concern for the well-being of others.

**MULTICULTURALISM:** In the new business world where the players hail from different countries, different background and also with different culture, the management will have to adopt a multicultural approach. Multiculturalism is a dynamic target as more and more people become conscious of their particular traditions and ties. The 21<sup>st</sup> century management will have to accommodate all of them in such a way that they work consciously together to achieve the organizational objectives while retaining their individual identities.

**QUALITY OF GOODS AND SERVICES:** In the globalized world, every management needs to be well versed with Total Quality Management. TQM refers to management methods used to enhance quality and productivity in business organizations. It involves all departments and employees and includes both suppliers and clients / customers. The ideas, as proffered by Denning, Joseph Juran and other management gurus in 1950s were applied by Japanese industry that brought dramatic increases in their product quality resulting in their enormous success in exports leading to the spread of quality movement across the world. Every management should strive now to conduct production process in such a way that the product/service produced satisfies the toughest of customers and meets competition. The new era management should take the quality target as moveable and enhance it step by step. The increasing income levels have made the customers much more quality conscious, and they are even willing to pay more provided the product quality is ensured.

**CONSISTENCY IN AFTER-SALES RELATIONSHIPS:** Strong and lasting relationships can be fruitful by product of quality consciousness and action. After sales relationship is a supplementary as well as complementary freebee with every product that a

customer buys. The importance of this relationship gets magnified with the fact that the modern businessman as well as the customer maintain close informal connection which has increasingly become an important tool in the hands of vibrant management.

**MANAGEMENT INFORMATION SYSTEMS:** The managers of 21<sup>st</sup> century also need to be well versed in the development of management information systems. It involves applying computer technology, quantitative techniques and administrative skills to the information processing requirements of organizations. MIS, in fact, combines computer technology with management decision-making methods to analyse, design, implement and manage computerized information systems in an organizational environment. This not only helps in planning but is also vital in monitoring and control of all the organizational activities. The managers though shall always have secretarial support but the basic knowledge of developing information systems will take them a long way towards better and scientific management.

In the late 1990s, a lot of literature in the form of books and research articles appeared that dealt with management challenges for 21<sup>st</sup> century. Peter F. Drucker, father of twentieth century modern management, reviews the seven major assumptions that have been held by experts in the field of management for most of the 20<sup>th</sup> century, and shows why they are now obsolete. He goes on to give eight new assumptions for the 21<sup>st</sup> century, ones that are essential for viewing the roles of individuals and management in both profit and not-for-profit organizations. According to him, neither individuals nor organizations can be successful if they stick with the old assumptions just as the horse and carriage can no longer compete with the automobile.

According to Drucker, there is critical difference between a natural science and a social discipline. The physical universe displays natural laws that describe objective reality. Natural laws are constrained by what can be observed, and these laws tend to be stable or change only slowly and incrementally over time. A natural science deals with the behaviour of OBJECTS. But a social discipline, such as management, deals with the behaviour of PEOPLE and HUMAN INSTITUTIONS. The social science has no ‘natural laws’ of this kind. It is, thus, subject to continuous change, and this means that assumptions that were valid yesterday can become invalid and, in deed, totally misleading in no time at all. He identifies the following old assumptions for the social discipline of management. Three Old Assumptions for the Discipline of Management are: (1) Management is Business Management, (2) There is – or there must be – ONE right organization, (3) There is – or there must be – ONE right way to manage people and four Old Assumptions for the Practice of Management are: (4) Technologies, markets and users are given, (5) Management’s scope is legally defined, (6) Management is internally focused, (7) The economy, as defined by national boundaries, is the ‘ecology’ of enterprise and management.

According to Drucker, except for number one, six out of the seven assumptions were close enough to reality to be useful until the early 1980s. However, all are now hopelessly outdated. ‘They are now so far removed from actual reality that they are becoming obstacles to the theory and even more serious obstacles to the Practice of Management. Indeed, reality is fast becoming the very opposite of what these assumptions claim it to be.’ He identifies the following new assumptions for the social discipline of management:

1. Management is NOT for the profit making business. Management is the specific and distinguishing organ of any and all organizations.
2. There is NOT only one right organization. The right organization is the organization that fits the task.
3. There is NOT one right way to manage people. One does not ‘manage’ people. The task is to lead people. And the goal is to make productive the specific strengths and knowledge of each individual.
4. Technologies and End-Users are NOT fixed and given. Increasingly, neither technology nor end-use is a foundation of management policy. They are limitations. The foundations have to be customer values and customer decisions on the distribution of their disposable income. It is with those that management policy and management strategy increasingly will have to start.
5. Management’s scope is NOT only legally defined. The new assumption on which management, both as a discipline and as a practice, will increasingly have to base itself is that the scope of management is not legal. It has to be operational. It has to embrace the entire process. It has to be focused on results and performance across the entire economic domain.
6. Management’s scope is NOT only politically defined. National boundaries are important primarily as restraints. The practice of management – and by no means for business only – will increasingly have to be defined operationally rather than politically.
7. The inside is NOT the only Management domain. The results of any institution exist ONLY on the outside. Management exists for the sake of institution’s results. It has to start with the intended results and organize the resources of the institution to attain these results. It is the organ that renders the institution, whether business, church, university, hospital or a battered woman’s shelter, capable of producing results outside of itself.
8. Management’s concern and management’s responsibility are everything that affects the performance of the institution and its results – whether inside or outside, whether under the institution’s control or totally beyond it.

Thus, in a nutshell, it may be concluded that the future management styles have to make a major departure from the past management practices. The future managers need to be much more vibrant and dynamic. They need to be particularly active in taking their subordinates along with them and lead them to achieve organizational objectives. They will also have to strike a balance not only with governments and environmentalists but even with their competitors. It is the future mandate and the management will have to ensure that it confronts to this socio-economic mandate.

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