

Management-“Miles to Go Before I Sleep!”

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ABSTRACT

Seven times McKinsey Award Winner and management guru Peter Drucker had once said: “the few of us who talked of management 40 years ago were considered more or less deranged”. The same Drucker wrote on another occasion “the management boom is over”. The two statements are testimony of the fact that in this short span of time, management has completed a long odyssey marking its presence and significance worldwide from giant organizations to small ventures, from corporate houses to religious trusts, from hospitals to schools et al. Half a century ago management was largely misunderstood as a concept and virtually unrecognized as a profession. Today it is discussed and practiced not only in the board rooms of CEOs but also in the barber shop of a small town. The fall and then phenomenal revival of empires like Ford Motor in US, Siemens Electrical in UK, Mitsubishi in Japan had one thing in common-the denunciation of management practices by their charismatic founders Henry Ford, Werner Von Siemens and Iwasaki respectively and later the introduction of management by their heirs. The list is endless and all signify the great and untiring service management has rendered to the institutions worldwide in the last 70 years. But we know if there is any thing that is constant, it is change. Environment and consequently organizations have changed and are changing at never witnessed pace, so are their structure, their processes, their technologies, their culture, and their people. This is a world of uncertainty, discontinuity, innovation, entrepreneurship, obsolescence any organ that fail to adapt itself becomes extinct. Management we all know is an organ to the institution and the growth or survival of any institution is collateral on the performance of management than anything else. Management as such is still in its infancy and has miles to go in the wake of future challenges and opportunities not only for the survival and growth of the institutions but also to avoid its own pre-matured death.

The author has studied the journey traveled hitherto and the journey to be traveled by management as a profession taking extensively the case studies of different organizations.

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“Management Boom Is Over” said Peter F. Drucker-the man whom the world knows as the greatest management thinker of the last century or as Tom Peters says “the creator and inventor of modern management”. Is it really over? Is the phenomenon that swipes the entire globe from CEOs of transnational organizations to the barber on the corner of a street will no longer remain relevant in the future organizations where business will be

done @speed of the thought? Management we know is an organized body of knowledge but will this organized body survive or will carry any weight in the boundary less organizations of future where de-jobbing will prevail, where flexi time or job sharing will rule, where business of the business will no longer remain the only business? These and a series of similar concern that are going to revolutionarize the whole organization structure, purpose, process and culture have raised for the umpteenth time the question that matter most "what is the future of management?" When we have to think about the future of any concept or phenomenon or field of study or discipline or philosophy , its always imperative to look at the past and see how such concept or phenomenon or field of study or discipline or philosophy have evolved, tested the weather of time and responded to the challenges of the contemporary past as George Santayana points out " we must welcome the future remembering that soon it will be the past; and we must respect the past remembering that it was once all that was humanly possible". Before dwelling in the past let's have a cursory eye on two incidents concerning two of the worlds most successful organizations involving two most charismatic individuals corporate history has seen Henry Ford-the founder of Ford Motors in USA and Yataro Iwasaki-the founder of Mitsubishi in Japan.

Legendary Henry Ford held firm conviction that a business did not need managers and management. Starting with nothing, he built in the early twenties world's largest and most profitable manufacturing enterprise in a span of 15 years. Only a few years later, by 1927, his empire was in shambles. It lost leadership, barely stayed a poor third in the market, lost money almost every year for 20 years until 1944 when the founder's grandson, Henry Ford II, ousted him in a palace coup. The company brought a totally new management team and was saved.

Yataro Iwasaki, the founder of Mitsubishi in Japan, also held convictions that a business did not managers and management. Starting in 1867 with nothing, just like Henry Ford, his

concern was the leading industry in Japan in a span of few years. But as with Ford's, Mitsubishi too began to slow down, drift and started lumping in incipient decay. Iwasaki died in 1885 and the industry was rebuilt when his associates restructured the company bringing an entirely new, professional management team and built the strongest, most truly professional and most autonomous group in Japan. Since then the rise and growth of Mitsubishi truly began.

Both stories happened in different part of world-USA and Japan, the protagonists in both cases are different personality- Henry Ford and Yataro Iwasaki, but they resemble the same- the meteoric rise of the enterprises by charismatic individuals, sudden lump due to their dogmatic disbelief in management, and again rise when management was reinstated in the respective enterprises by their successors.

The cases are a century old but still stand like the North Star in the history of management to show direction to the businesses of all generations regarding indispensability of management.

Although the history of management dates back to civilization itself, the science is relatively new and the roots go only two hundred years back. Management as science has developed only with the emergence of large enterprises after industrial revolution as an antithesis to complexities. In the context of organizations it was the founder of the science of economics, Scot Adam Smith, who in his 1776 book *The Wealth of Nations*, used "manage," "management" (even "bad management") and "manager" when dealing with the process and the persons involved in operating joint stock companies. British economist John Stuart Mill (1806-1873) followed Smith in this use and clearly expressed his distrust of such hired people who were not driven by ownership. Since the 1880s the word "management" appeared occasionally in writings by American engineers, until it was canonized as a modern science by Frederick W. Taylor in *Shop Management* in 1903 and in *The Principles of Scientific Management* in 1911. It sounds strange that even by 1850s

after more than 100 years when the first cotton mill was started in England in 1733 there were not many large enterprises. And the time when Karl Marx was writing his classic "Das Capital" largest manufacturing company around was Manchester Cotton Mill employing around 200 people. There were no managers or management. The enterprises being owned by an individual or a family, there was no perceived need of managers or for that matter management. For example in the Manchester Cotton Mill, which was owned by Engel, there were only changing hands rather than managers. There was only one concept prevailing at that time-ownership. After the industrial revolution and subsequent complexities in terms of economies of scale, mass production, transportation and the likes management crept in as a tool to deal with the complexities business were unaware of hitherto. The nineteenth century saw the emergence of industrialization and subsequently management marked its presence felt in the twentieth century. But nevertheless it was not a universal phenomenon but only the prerogative of few who saw it coming, recognized it, and implemented it. The reluctance of Ford or Iwasaki or Siemens is the testimony of this fact. But management was making its presence felt and while on the one side there were Henry Ford or Iwasaki or Siemens whose denial to accept its acceptance were causing their impregnable enterprises loss and fear of survival itself, on the other side there were Alfred P. Sloan Jr- the president of General Motor whose implementation of management science in General Motor made it the most successful enterprise. And there were institutions like Deutsche Bank who saw the indispensability of management science and forced enterprises like Siemens to accept management structures and managers as a precondition to grant loan. How that happened? What made management indispensable? The answer lies in change. The advancement of organization, information, communication networks, technology, work itself, cultural boundary made management a prominent field of study during World War II and after that it became the central activity

of the present generation itself. The beginning of the twentieth century saw not only the fall of empires and colony, but also the fall of quantization by qualitization, evolution of thoughts by revolution of thoughts, solo business by joint stock enterprises, local trade by transcontinental trade, labour by employees, profit maximization by wealth maximization and so on and the changing paradigm of business which no longer remained the business of business only made it impossible to survive and grow on intuitions, hunches or the wisdom of one man only. Though Ford or Mitsubishi grew at unprecedented rate, the fall was eminent in the changing paradigm of business and they fell after a certain point when it became unmanageable in the absence of the science of management. Management thus crept in almost unrecognized and soon became the central activity. Management no longer remained a luxurious matter of discussion in the board room of giant enterprises only, rather became the necessity of even small shops at the corner of a street. It was not the manufacturers only like GM or Ford, who were taking recourse to management, whether it was the service industry or entertainment industry, MNCs or SSIs, business concerns or NGOs, military settlements or religious trusts- management thoughts, management principles and management science prevailed everywhere. It became omniscient, omnipresent. There was a boom- management boom. But the question that is looming large is was management a fad only and the boom is over? Does it have also met the same fate as a product meets after going through the phases of introduction, growth and maturity? Are the aging principals of management relevant in present scenario? Will the basic tenet of management "incrementalism" which Sumantra Ghoshal has called the religion of management have any relevance in the present scenario where as Bill Gates say "business are done at the speed of thought"? The answer is an emphatic YES. Management will not only survive but will grow, enrich it and will meet the challenges even more vigorously. But of course it can not rest on the laurels of rendering invaluable services to the institutions and consequently the society. It has to be even more responsive

in the wake of future challenges which have started showing their signs. The survival of any specie- be it animal or plant or organization or for that matter management depends on the adaptability of specie with the environment as Darwin says "in the struggle for survival, the fittest win out at the expense of their rivals because they succeed in adapting themselves best to their environment." What is interesting is as Darwin's saying implies it is not the toughest, biggest, strongest, smartest or the swiftest that will survive but it will be the fittest that will survive. The present scenario can be thought of a perfect competition where all organizations are competing with each other for limited resources and only those will survive who are the fittest and only those will classify for the fittest category whose management will be adept in adapting the environmental changes and in turn challenges. The world never remain static, the earth never stood still, and you never step in the same river twice. Changes bring with them challenges and the adaptability of those changes and conquer over the challenges keep an organization fit and it is the fittest that survive. When we think of the challenges that lie ahead, the most prominent figures that appear are work force diversity, social responsibility, decentralization, entrepreneurship, emerging leadership and knowledge obsolesce. And how should these be taken care of? In other words how should management respond? Howard Gardner in his book "*5 Minds For Future*" had prescribed that in the future the individual possessing following minds will succeed: the disciplined mind, the synthesizing mind, the creating mind, the respectful mind and the ethical mind. If we draw parallel between individual and organizations, we can assume that the survival of the organizations will depend whether they possess the following:

The Disciplined Management, the Synthesizing Management, the Creating Management, the Respectful Management and the Ethical Management. Let us explain them in brief:

Regarding work force diversity, it's quite evident that the world has become a global

village as Herbert Marshall McLuhan says. In this global village the businesses are not only concentrated at a point or a place where the affairs are being taken care of by an individual or a family. It's not the age where unlike 1850's Manchester Cotton Mill around 300 persons from same cultural backdrop are working under one Mr. Engel. Today people across the globe each bringing with them a unique belief, norm, culture work in an organization and to synchronize the harmony with them require more than carrot and stick policy of the same. This requires an acceptance of the individual differences. Cordoning oneself off from this diversity will be no way. Accordingly there must be respect for individual differences i.e. management has to be respectful.

The fate of the organizations in the future will rely heavily on how they compete in the open market and open economy when the buyers' power will prevail. In this age of information where the buyers will be rational in true sense with the possession of all information pertaining to the products' cost-benefit vis-a-vis others, only those organizations will survive that will exploit their competitive advantages in at least one area. This development will inexplicably require discipline and hence the need for the disciplined management.

The business in the present has no longer remained the business of business only. Unlike the past Milton school of thoughts that emphasized on serving the shareholders only, there is a paradigm shift where management is accountable not only to shareholders but the entire stakeholders. In this scenario management will survive not only for maximizing shareholders' profit only but also by discharging its responsibility for all the stakeholders concerned through transparent, environment friendly, proactive governance. And this calls for the ethical management.

If the nineteenth century was characterized by the emergence of industrialization, twentieth century was heralded for the indispensability of management; it will not be an exaggeration to say that the twenty first century will be the century for the entrepreneurship and

innovation. In this era, the knowledge will prevail where the advent of technology will make products obsolete at the speed of thought. And this will call for the creating management.

Through out the history of management the stress had been on the differentiation and integration, whether it is for organization structure or job analysis or any policy. This tenet that has almost become the rule of thumb will have to be reinforced even more vigorously in the future when the plethora of data will be required to be broken down and then synthesize. This will require the synthesizing management.

What is really thought provoking is basically what we are referring to when we are using the term “management?”

Are we referring to management as a process or a practice or as a culture or a hierarchy or a person or a philosophy? Sure, management

as a hierarchy won't find any place in the future strategic organizations where as Mintzberg says “adhocracy will prevail.” Sure management has already lost its cultural concentrated relevance and no longer there is any specific American management in US only or Japanese Management in Japan only. Globalization has already made it a boundary less thought. Management as a person was the term used long before the existence of equity based organizations and though it is still in practice in small and medium sized firms, perhaps the same will lose its existence in the future to come but what has survived, and will survive is the philosophy of management that will always get rebirth from its own ashes as a phoenix.

Management as such is still in its infancy and has miles to go in the wake of future challenges and opportunities not only for the survival and growth of the institutions but also to avoid its own pre-matured death.