

## PD's View of Developmental Directions

### o (3) Management's New Paradigms

- s What matters most in a social discipline such as management are the basic assumptions.
- s And a CHANGE in the basic assumptions matters even more.
- s Since the study of management first began—and it truly did not emerge until the 1930s—TWO SETS of assumptions regarding the REALITIES of management have been held by most scholars, most writers and most practitioners:
  - i One set of assumptions underlies the DISCIPLINE of management:
    - H 1. Management is Business Management.
    - H 2. There is—or there must be—ONE right organization structure.
    - H 3. There is—or there must be—ONE right way to manage people.
  - i Another set of assumptions underlies the PRACTICE of Management:
    - H 1. Technologies, markets and end-uses are given.
    - H 2. Management's scope is legally defined.
    - H 3. Management is internally focused.
    - H 4. The economy as defined by national boundaries is the "ecology" of enterprise and management.
- s For most of this period—at least until the early 1980s—all but the first of these assumptions were close enough to reality to be operational, whether for research, for writing, for teaching or for practicing management.
- s By now all of them have outlived their usefulness.
  - i They are close to being caricatures.
  - i 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.
  - i Indeed, reality is fast becoming the very opposite of what these assumptions claim it to be.
- s It is high time therefore to think through these assumptions and to try to formulate the NEW ASSUMPTIONS that now have

to inform both the study and the practice of management.

- i Management is Business Management.
  - H Management is the specific and distinguishing organ of any and all organizations.
- i There is—or there must be—ONE right organization structure.
  - H There are only organizations, each of which has distinct strengths, distinct limitations and specific applications.
  - H It has become clear that organization is not an absolute.
  - H It is a tool for making people productive in working together.
  - H As such, a given organization structure fits certain tasks in certain conditions and at certain times.
  - H Instead of searching for the right organization, management needs to learn to look for, to develop, to test the organization that fits the task.
- i There is—or there must be—ONE right way to manage people.
  - H This will require, above all, very different assumptions about people in organizations and their work:
    - r One does not "manage" people.
    - r The task is to lead people.
      - 4 And the goal is to make productive the specific strengths and knowledge of each individual.
- i Technologies, markets and end-uses are given.
  - H Management will increasingly have to be based on the assumption that neither technology nor end use is a foundation for management policy.
  - H They are limitations.
  - H The foundations have to be customer values and customer decisions on the distribution of their disposable income.
  - H It is with those that management policy and management strategy increasingly will have to start.
- i Management's scope is legally defined.

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- H The new assumption on which management, both as a discipline and as a practice, still increasingly have to base itself is that the scope of management is not legal.
  - r It has to be operational.
  - r It has to embrace the entire process.
  - r It has to be focused on results and performance across the entire economic chain.
- ï The economy as defined by national boundaries is the “ecology” of enterprise and management.
  - H But the new assumption has to be:
    - r National boundaries are important primarily as restraints.
    - r The practice of management—and by no means for businesses only—will increasingly have to be defined operationally rather than politically.
  - ï Management is internally focused.
    - H Management must focus on the results and performance of the organization.
    - H Indeed, the first task of management is to define what results and performance are in a given organization—and this, as anyone who has worked on it can testify, is in itself one of the most difficult, one of the most controversial, but also one of the most important tasks.
    - H It is therefore the specific function of management to organize the resources of the organization for results outside the organization.
    - H The new assumption—and the basis for the new paradigm on which management, both as a discipline and as a practice has to be based—is therefore:
      - r Management exists for the sake of the institution’s results.
      - r It has to start with the intended results and has to organize the resources of the institution to attain these results.
      - r It is the organ to make the institution, whether business, church, university, hospital or a battered women’s shelter, capable of producing results outside of itself.
- ï Conclusion
  - H But underlying all of these is one insight.
    - r The center of a modern society, economy and community
      - 4 Is not
        - ] technology
        - ] information
        - ] productivity
      - 4 It is the managed institution as the organ of society to produce results.
    - r And management is the specific tool, the specific function, the specific instrument to make institutions capable of producing results.
  - H This, however, requires a FINAL new management paradigm:
    - r 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.